



FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024



Independent Auditors' Report

The Board of Directors
Simple Generosity Foundation
Cape Elizabeth, ME

Opinion

We have audited the accompanying financial statements of Simple Generosity Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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The Board of Directors
Simple Generosity Foundation
Cape Elizabeth, ME

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The 2023 financial statements of Simple Generosity Foundation were audited by other auditors whose report dated November 14, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the 2023 audited financial statements from which it has been derived.



Bethesda, Maryland
November 20, 2024

Certified Public Accountants

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Simple Generosity Foundation

Statement of Financial Position

June 30, 2024

With Comparative Totals As of June 30, 2023

	Assets	
	2024	2023
Cash and Cash Equivalents	\$ 131,313	\$ 309,204
Investments - Fair Value	4,289,084	3,398,607
Contributions Receivable	87,202	61,601
Total Assets	\$ 4,507,599	\$ 3,769,412
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	\$ 14,589	\$ 28,100
Total Liabilities	14,589	28,100
Net Assets		
Without Donor Restrictions	4,493,010	3,741,312
Total Net Assets	4,493,010	3,741,312
Total Liabilities and Net Assets	\$ 4,507,599	\$ 3,769,412

See Accompanying Notes to Financial Statements

Simple Generosity Foundation

Statement of Activities For the Year Ended June 30, 2024 With Comparative Totals For the Year Ended June 30, 2023

	<u>2024</u>	<u>2023</u>
Support and Revenues		
Contributions	\$ 9,039,159	\$ 9,141,357
Administrative Fees	183,678	274,177
Investment Income (Loss) - Net	148,477	134,337
Other	625	-
	<u>9,371,939</u>	<u>9,549,871</u>
Expenses		
Program Services		
Granting	8,228,966	8,391,458
Vetting	158,439	205,051
	<u>8,387,405</u>	<u>8,596,509</u>
Supporting Services		
General and Administrative	220,362	92,776
Fundraising	12,474	7,379
	<u>232,836</u>	<u>100,155</u>
Total Expenses	<u>8,620,241</u>	<u>8,696,664</u>
Changes in Net Assets	751,698	853,207
Net Assets, Beginning of Period	<u>3,741,312</u>	<u>2,888,105</u>
Net Assets, End of Period	<u>\$ 4,493,010</u>	<u>\$ 3,741,312</u>

See Accompanying Notes to Financial Statements

Simple Generosity Foundation

**Statement of Functional Expenses
For the Year Ended June 30, 2024**

With Comparative Totals For the Year Ended June 30, 2023

	2024				2023	
	Granting	Vetting	General and Administrative	Fundraising	Total	Total
Personnel Costs	\$ -	\$ -	\$ 71,410	\$ -	\$ 71,410	\$ -
Professional Services	-	47,110	69,334	-	116,444	94,003
Office	2,634	8,949	17,584	-	29,167	34,179
Contract Labor	199,603	98,734	37,426	12,474	348,237	282,489
Insurance	-	-	1,455	-	1,455	658
Bank and Other Fees	6,160	-	23,153	-	29,313	20,265
Travel	-	3,646	-	-	3,646	328
Grants	8,020,569	-	-	-	8,020,569	8,264,742
Total Expenses	\$ 8,228,966	\$ 158,439	\$ 220,362	\$ 12,474	\$ 8,620,241	\$ 8,696,664

See Accompanying Notes to Financial Statements

Simple Generosity Foundation

Statement of Cash Flows

For the Year Ended June 30, 2024

With Comparative Totals For the Year Ended June 30, 2023

	2024	2023
Cash Flows from Operating Activities		
Change in Net Assets	\$ 751,698	\$ 853,207
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
(Gains) Losses on Investments	(106,323)	(60,029)
<u>(Increase) Decrease in Assets</u>		
Contributions Receivable	(25,601)	(35,688)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Expenses	(13,511)	14,100
Net Cash Provided by (Used in) Operating Activities	606,263	771,590
Cash Flows from Investing Activities		
Purchases of Investments	(2,576,595)	(1,674,328)
Proceeds from Sale of Investments	1,792,441	1,156,742
Net Cash Provided By (Used in) Investing Activities	(784,154)	(517,586)
Net Increase (Decrease) in Cash and Cash Equivalents	(177,891)	254,004
Cash and Cash Equivalents, Beginning of Period	309,204	55,200
Cash and Cash Equivalents, End of Period	\$ 131,313	\$ 309,204

See Accompanying Notes to Financial Statements

Simple Generosity Foundation

Notes to Financial Statements June 30, 2024

1. ORGANIZATION AND PURPOSE

The Simple Generosity Foundation (the Foundation) was established in 2015 as a nonprofit corporation in Delaware. The Foundation's mission is to provide funding and assistance to charities in their efforts to engage and encourage the next generation of philanthropists through partnerships with for-profits and for-benefit corporations. The Foundation accepts charitable contributions from donors, pools such contributions for investment management and administrative purposes, and make distributions to tax-exempt or other qualifying organizations under the Internal Revenue Code of 1986, as amended (the "Code").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which requires the Foundation to report information regarding its financial position and activities in accordance with the accrual basis of accounting and the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Foundation considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, excluding money market funds held by investment managers. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Foundation maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Simple Generosity Foundation

Notes to Financial Statements June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and Fair Value Measurements

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income, which is presented net of investment expenses paid to external investment advisors, in the accompanying statement of activities. Investments acquired by gift are recorded at their fair value at the date of the gift. The Foundation's policy is to liquidate all gifts of investments as soon as possible after the gift.

The Foundation adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

The Foundation accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Contribution Receivables

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions receivable represent amounts committed by donors that have not been received by the Foundation. The Foundation uses the allowance method to determine uncollectible contributions receivable. Contribution receivables are expected to be collected within one year and therefore; there is no allowance as of June 30, 2024.

Property and Equipment

The Foundation capitalizes all property and equipment acquisitions of \$1,000 and above. Property and equipment is recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation and amortization is provided on a straight-line basis over the estimated useful life of the asset which range from three to ten years. As of June 30, 2024, there was no property and equipment.

Revenue Recognition

The Foundation receives contributions, including unconditional contribution receivable, from many sources. Contributions are recognized in the appropriate category of net assets in the period received. The Foundation performs an analysis of the individual contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Simple Generosity Foundation

Notes to Financial Statements June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue unless they are from the United States Government which is then recorded as a refundable advance. As of June 30, 2024, the Foundation did not have unrecognized conditional awards.

Administrative fee revenue is classified as an exchange transaction following ASU 2014-09, *Revenue from Contracts With Customers*. Revenue is recorded when performance obligations are met. The Foundation has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, the categories of expenses that are attributable to more than one program or supporting function have been allocated among the programs and supporting services based on time and effort.

Income Tax Status

The Foundation is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Foundation is not a private foundation.

For the year ended June 30, 2024, the Foundation has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Risks and Uncertainties

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Simple Generosity Foundation

Notes to Financial Statements June 30, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This guidance requires the Foundation to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements.

Subsequent Events

Management has evaluated subsequent events through November 20, 2024, the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Foundation has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Foundation has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended June 30, 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

Simple Generosity Foundation

Notes to Financial Statements June 30, 2024

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Money Market Funds - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.

Bond Funds - Valued at the daily closing price as reported by the fund.

Bonds - Valued at the closing price reported on the active market in which the individual securities are traded.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy and those invested and measured at NAV as a practical expedient as of June 30, 2024.

	<u>Fair Value</u>	<u>Level 1</u>
Money Market Funds	\$ 9,216	\$ 9,216
Bond Funds	3,500,600	3,500,600
Bonds	779,268	779,268
Total	<u>\$ 4,289,084</u>	<u>\$ 4,289,084</u>

The components of total investment return for the year ended June 30, 2024 are reflected below:

Dividends and Interest	\$ 42,154
Net Gains (Losses)	<u>106,323</u>
Total	<u>\$ 148,477</u>

4. NET ASSETS

There were no net assets with donor restrictions as of June 30, 2024.

Net assets without donor restrictions as of June 30, 2024 were designated as follows:

Discretionary Funds	\$ 201,370
Donor Advised Funds	4,192,209
Administrative Funds	<u>99,431</u>
Board Designated Net Assets	<u>\$ 4,493,010</u>

Discretionary Funds represent funds available for expenditure at the Board's discretion.

Donor Advised Funds represent funds given by contributors who may from time to time suggest that the Board consider a request for a particular grant distribution. The contributors may make recommendations as to which charities should receive grants. These recommendations are advisory only and are subject to the Board of Directors' approval.

Simple Generosity Foundation

Notes to Financial Statements June 30, 2024

4. NET ASSETS (CONTINUED)

Administrative Funds are used for the management and administration of the Foundation, including general, financial and development activities, legal and accounting fees, and other operating expenses.

5. CONCENTRATION OF REVENUE

Approximately 89% of the Foundation's revenue for the year ended June 30, 2024 was derived from one donor. The Foundation has no reason to believe that relationships with this donor will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew contribution agreements or withholding of funds) would adversely affect the Foundation's ability to finance ongoing operations.

6. LIQUIDITY AND AVAILABILITY

The following represents Foundation's financial assets at June 30, 2024:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 131,313
Investments - Fair Value	4,289,084
Contributions Receivable	<u>87,202</u>
Total Financial Assets	<u>4,507,599</u>

Less: Restricted Amounts Not Available To Be Used Within One Year:

Donor-Restricted	-
Donor-Restricted To Be Used in Next Twelve Months	<u>-</u>
	<u>-</u>

Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 4,507,599</u>
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The Foundation has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2024, the Foundation has financial assets equal to approximately six months of operating expenses.