

**JOYFUL HEART FOUNDATION, INC**  
**FINANCIAL STATEMENTS**  
**(WITH INDEPENDENT AUDITOR'S REPORT)**  
**FOR THE YEARS ENDED**  
**JUNE 30, 2015 AND 2014**

JOYFUL HEART FOUNDATION, INC  
FINANCIAL STATEMENTS  
(WITH INDEPENDENT AUDITOR'S REPORT)  
FOR THE YEARS ENDED  
JUNE 30, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Joyful Heart Foundation, Inc.

We have audited the accompanying financial statements of Joyful Heart Foundation, Inc., ("JHF") which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Joyful Heart Foundation, Inc. as of June 30, 2015 and 2014 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Lederer, Levine & Associates, LLC*

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Lederer, Levine & Associates, LLC

December 28, 2015

**JOYFUL HEART FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes B and E)	\$ 874,896	\$ 890,062
Contributions receivable, net (Notes B and C)	481,848	696,962
Accounts and other receivables (Note B)	101,053	13,029
Prepaid expenses and other assets	48,990	58,700
Property and equipment, net (Notes B and D)	129,321	119,142
Security deposits	29,954	31,694
<b>TOTAL ASSETS</b>	<b>\$ 1,666,062</b>	<b>\$ 1,809,589</b>
 <b>LIABILITIES</b>		
Accrued expenses and other payables	\$ 241,380	\$ 226,597
Deferred revenue (Note B)		103,000
Deferred rent (Note F)	9,566	8,474
<b>TOTAL LIABILITIES</b>	<b>250,946</b>	<b>338,071</b>
 <b>COMMITMENTS AND CONTINGENCIES (Note F)</b>		
 <b>NET ASSETS</b>		
Unrestricted	1,122,616	1,095,761
Temporarily restricted (Note I)	292,500	375,757
<b>TOTAL NET ASSETS</b>	<b>1,415,116</b>	<b>1,471,518</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,666,062</b>	<b>\$ 1,809,589</b>

The accompanying notes are an integral part of these financial statements.

**JOYFUL HEART FOUNDATION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015		2014		
	Unrestricted	Temporarily Restricted	Total	Temporarily Restricted	Total
<b>OPERATING SUPPORT AND REVENUE</b>					
Contributions	\$ 1,183,192	\$ 295,052	\$ 1,478,244	\$ 838,848	\$ 1,050,347
Contributed goods and services (Notes B and H)	72,926,993		72,926,993	12,843,684	12,843,684
Special events (net of expenses of \$694,271 and \$544,405 for the years ended June 30, 2015 and 2014, respectively)					
Royalty income	1,353,493	614,419	1,967,912	1,953,348	2,121,848
Other income	118,730		118,730	113,890	113,890
Interest income	298,821		298,821	38,754	38,754
Net assets released from restrictions	348		348	843	843
	900,709	(900,709)		512,771	(512,771)
<b>TOTAL OPERATING SUPPORT AND REVENUE</b>	<u>76,782,286</u>	<u>8,762</u>	<u>76,791,048</u>	<u>16,302,138</u>	<u>16,169,366</u>
<b>OPERATING EXPENSES</b>					
Program services	75,266,430		75,266,430	14,577,693	14,577,693
Management and general	650,756		650,756	713,363	713,363
Fundraising and development	838,245		838,245	990,058	990,058
<b>TOTAL OPERATING EXPENSES</b>	<u>76,755,431</u>		<u>76,755,431</u>	<u>16,281,114</u>	<u>16,281,114</u>
<b>Change in Net Assets From Operations</b>	<u>26,855</u>	<u>8,762</u>	<u>35,617</u>	<u>21,024</u>	<u>(111,748)</u>
<b>NONOPERATING ACTIVITIES (Notes B, J and H)</b>					
Nonoperating revenues		467,393	467,393	293,340	293,340
Nonoperating expenses	(559,412)		(559,412)	(310,266)	(310,266)
Net assets released from restrictions	559,412	(559,412)		310,266	
<b>Change in Net Assets From Nonoperating Activities</b>		<u>(92,019)</u>	<u>(92,019)</u>	<u>(16,926)</u>	<u>(16,926)</u>
<b>Change in Net Assets</b>	<u>26,855</u>	<u>(83,257)</u>	<u>(56,402)</u>	<u>21,024</u>	<u>(128,674)</u>
Net Assets - Beginning of Year	1,095,761	375,757	1,471,518	1,074,737	1,600,192
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,122,616</u>	<u>\$ 292,500</u>	<u>\$ 1,415,116</u>	<u>\$ 1,095,761</u>	<u>\$ 1,471,518</u>

The accompanying notes are an integral part of these financial statements.

**JOYFUL HEART FOUNDATION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015			2014				
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 1,161,920	\$ 283,947	\$ 261,594	\$ 1,707,461	\$ 948,457	\$ 300,645	\$ 269,132	\$ 1,518,234
Payroll taxes and benefits (Note G)	196,690	45,498	47,889	290,077	158,714	51,458	47,024	257,196
Total personnel costs	1,358,610	329,445	309,483	1,997,538	1,107,171	352,103	316,156	1,775,430
Direct service program consultant fees	186,366			186,366	152,586			152,586
Program and professional fees (Note H)	2,184,945	119,841	357,100	2,661,886	4,145,996	206,486	356,886	4,709,368
Occupancy (Notes F and H)	120,775	26,928	31,478	179,181	93,293	30,762	39,229	163,284
Supplies, printing and production expenses (Note H)	71,512,714	37,897	120,932	71,671,543	9,041,723	22,954	210,948	9,275,625
Special event expenses			604,160	604,160			544,405	544,405
Travel, meeting and program coordination expenses	260,481	59,305	69,073	388,859	222,050	32,474	63,458	317,982
Insurance	10,156	2,591	3,150	15,897	8,863	2,925	2,780	14,568
Other	14,476	177,628	43,114	235,218	27,479	83,421	14,664	125,564
Depreciation and amortization	46,557	11,981	9,928	68,466	34,753	11,395	10,825	56,973
Total expenses before reclassifications	75,695,080	765,616	1,548,418	78,009,114	14,833,914	742,520	1,559,351	17,135,785
Less: special event expenses deducted directly from revenues on the statements of activities			694,271	694,271			544,405	544,405
Total Operating and Nonoperating Expenses	75,695,080	765,616	854,147	77,314,843	14,833,914	742,520	1,014,946	16,591,380
Less: nonoperating expenses (Notes B and J)	428,650	114,860	15,902	559,412	256,221	29,157	24,888	310,266
Total Operating Expenses	\$ 75,266,430	\$ 650,756	\$ 838,245	\$ 76,755,431	\$ 14,577,693	\$ 713,363	\$ 990,058	\$ 16,281,114

The accompanying notes are an integral part of these financial statements.

**JOYFUL HEART FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (56,402)	\$ (128,674)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	68,466	56,973
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Contributions receivable	215,114	240,640
Accounts and other receivables (Note B)	(88,024)	(9,391)
Prepaid expenses and other assets	9,710	45,317
Security deposits	1,740	(3,482)
Increase (decrease) in liabilities:		
Accrued expenses and other payables	14,783	3,594
Deferred revenue	(103,000)	102,883
Deferred rent	1,092	980
<b>Net Cash Provided by Operating Activities</b>	<b>63,479</b>	<b>308,840</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(78,645)	(68,344)
<b>Net Cash Used by Investing Activities</b>	<b>(78,645)</b>	<b>(68,344)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(15,166)</b>	<b>240,496</b>
Cash and cash equivalents - beginning of year	890,062	649,566
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 874,896</b>	<b>\$ 890,062</b>

The accompanying notes are an integral part of these financial statements.

**JOYFUL HEART FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014**

**Note A – Organization and Nature of Activities**

The mission of the Joyful Heart Foundation, Inc. (“JHF”), a California nonprofit corporation, is to heal, educate and empower survivors of sexual assault, domestic violence and child abuse and to shed light into the darkness that surrounds these issues.

JHF works to achieve this mission through healing and wellness programs for survivors and healers, education and awareness campaigns that enlighten and engage the general public, and policy and advocacy initiatives that seek to transform society’s response to these violent crimes.

JHF has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

In February, 2011, JHF began to serve as a fiscal sponsor for a new program initiative (“NO MORE”). JHF’s CEO also serves as a founding member of NO MORE’s Executive Committee, and JHF is one of more than two dozen organizations on NO MORE’s Steering Committee. NO MORE is the first overarching visual symbol to express support for ending domestic violence and sexual assault in our society. This groundbreaking public awareness and education effort aims to transform the way domestic violence and sexual assault are perceived. NO MORE will move these issues from the edges of public concern towards a core of understanding that domestic violence and sexual assault impact us all. JHF’s role as a fiscal sponsor of NO MORE concluded in June of 2015.

**Note B – Summary of Significant Accounting Policies**

**Method of Accounting**

JHF prepares its financial statements using the accrual basis of accounting. JHF follows accounting principles generally accepted in the United States of America (“U.S. GAAP”) which include certain specialized requirements set forth in publications of the Financial Accounting Standards Board.

**Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 28, 2015.

**Accounting for Uncertainty in Income Taxes**

JHF’s accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable. Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. JHF is no longer subject to examination by federal tax authorities for fiscal years prior to 2012.

**Cash and Cash Equivalents**

JHF considers all highly liquid investments with a maturity of less than three months to be cash equivalents.

**Contributions Receivable**

JHF’s contributions receivable balance at June 30, 2015 and 2014 includes an allowance for doubtful accounts. Such estimate is based on management’s assessment of the creditworthiness of its donors, current economic conditions and historical information.

**Accounts Receivable**

JHF considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. Such estimate is based on management’s estimates of the creditworthiness of its customers, current economic conditions and historical information.

**JOYFUL HEART FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(continued)**

**Note B – Summary of Significant Accounting Policies (continued)**

**Restricted Contributions**

Contributions are recognized when the donor makes a promise to give to JHF that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Property and Equipment**

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are provided for on the straight line basis over the estimated useful lives of the assets. JHF capitalizes property and equipment with a useful life of two years or more and a cost of \$1,000 or more, unless such property and equipment is funded by a grantor, and the grantor retains title to the property and equipment.

**Investments**

Investments in marketable securities with readily determinable fair values and investments in debt securities are reported at their fair values.

**Contributed Goods and Services**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require special skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

**Fair Value Measurements**

The carrying values of the Agency's accounts receivable, other assets, accrued expenses and other payables, amounts due to and from related parties and capital advances approximated their fair values.

U. S. GAAP has established a fair value hierarchy organized into three levels based upon the "input" assumptions used in pricing assets. Level 1 inputs relate to assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices that are observable either directly or indirectly with fair value being determined through the use of models or other valuation methodologies. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

**Nonoperating Activities**

From February 2011 through June 30, 2015, JHF served as a fiscal sponsor for a program initiative ("NO MORE"). JHF considers income and expenses relating to this fiscal sponsorship to be nonoperating. (See Note J).

JOYFUL HEART FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015 AND 2014  
(continued)

**Note B – Summary of Significant Accounting Policies (continued)**

**Advertising Costs**

The Foundation incurs various advertising costs. These costs are expensed as incurred. Production costs relating to Public Service Announcements (“PSA”) are recorded in the year in which the PSA is first run.

**Revenue Recognition**

JHF records revenue on contract income when earned.

JHF records revenue received for special events which are scheduled to occur in the subsequent year as deferred revenue.

**Note C – Contributions Receivable**

Contributions receivable consist of the following as of June 30:

Unconditional promises to be collected in:

	2015	2014
Less than one year	\$ 266,848	\$ 496,962
One to five years	165,000	120,000
Greater than five years	60,000	90,000
	491,848	706,962
Less: allowance for doubtful accounts	10,000	10,000
	\$ 481,848	\$ 696,962

JHF does not discount to present value contributions that will be received in more than one year because it has deemed such discount to be immaterial.

**Note D – Property and Equipment**

Property and equipment consist of the following as of June 30:

	2015	2014
Computers and software	\$ 166,203	\$ 123,710
Digital assets	66,669	50,397
Equipment	92,700	82,992
Leasehold improvements	36,125	25,953
	361,697	283,052
Less: accumulated depreciation and amortization	232,376	163,910
	\$ 129,321	\$ 119,142

**Note E – Concentrations**

- 1) For the years ended June 30, 2015 and 2014, approximately 45% and 59%, respectively, of JHF’s support and revenue (not including contributed goods and services) was generated by two fundraising events.
- 2) JHF maintains several bank accounts at a bank which is an institution insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. Although at times bank balances may exceed federally insured limits, management believes that credit risk related to these accounts to be minimal.

**JOYFUL HEART FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
**(continued)**

**Note F – Commitments and Contingencies**

JHF leases real property at several locations. The leases have expiration dates ranging from March 31, 2019 to August 31, 2020. In December, 2014, JHF entered into a new lease for their Hawaii office. This lease expires in December, 2019. Rental expense amounted to approximately \$165,000 and \$136,000 for the years ended June 30, 2015 and 2014, respectively.

Approximate future minimum annual rental commitments under noncancelable rental lease obligations are as follows:

For the years ended June 30, 2016	\$ 162,952
2017	190,392
2018	195,275
2019	189,443
2020	148,215
Thereafter	<u>22,510</u>
	<u>\$ 908,787</u>

JHF records rent expense on the straight line basis as required under accounting principles generally accepted in the United States of America. Deferred rent expense amounted to \$9,566 and \$8,474 at June 30, 2015 and 2014, respectively.

**Note G – Pension Plan**

JHF has a 403(b) plan (the "Plan") that covers all eligible employees. Each participant may elect to contribute up to the maximum limit by federal law. JHF matches employee contributions, up to a maximum of 3% of employee compensation. Plan expense amounted to approximately \$21,650 and \$20,834 for the years ended June 30, 2015 and 2014, respectively.

**Note H – Contributed Goods and Services**

Contributed services consisted of the following at June 30:

	<u>2015</u>	<u>2014</u>
Operating - JHF		
Media placements (also see Note K)	\$71,316,285	\$ 8,940,139
Rent	2,306	17,385
Materials and supplies	14,415	144,013
Legal fees	418,450	344,894
Professional fees	58,959	176,528
Creative services	657,716	2,658,935
Public relations	<u>458,862</u>	<u>561,790</u>
	72,926,993	12,843,684
Nonoperating – NO MORE		
Professional fees		5,000
	<u>\$72,926,993</u>	<u>\$12,848,684</u>

**JOYFUL HEART FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**  
(continued)

**Note I – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following as of June 30:

	<u>2015</u>	<u>2014</u>
JHF		
Time restriction	\$ 272,500	\$ 245,000
Purpose	<u>20,000</u>	<u>38,738</u>
	292,500	283,738
NO MORE		
Purpose		<u>92,019</u>
	<u>\$ 292,500</u>	<u>\$ 375,757</u>

**Note J – Nonoperating Activities**

Details of the nonoperating revenue and expenses are as follows for the years ended June 30:

	<u>2015</u>	<u>2014</u>
Revenues:		
Contributions	\$ 467,393	\$ 288,340
Contributed services		<u>5,000</u>
	<u>\$ 467,393</u>	<u>\$ 293,340</u>
Expenses:		
Program and professional fees	\$ 389,511	\$ 245,419
Supplies, printing and production expenses	21,409	7,850
Travel, meeting and program coordination expenses	33,578	15,090
Other (includes transfer to new fiscal sponsor of \$75,026)	<u>114,914</u>	<u>41,907</u>
	<u>\$ 559,412</u>	<u>\$ 310,266</u>

**Note K – Media Placements (unaudited)**

Joyful Heart produces the groundbreaking, celebrity-driven NO MORE Public Service Announcements (PSAs). During the year ended June 30, 2015, the campaign, which launched in September 2013, reached 3 billion media impressions, including more than 2 billion impressions from television broadcast, 49 million from outdoor assets and 15 million from print, in part due to several media partnerships as well as successful partnership with the NFL. The distribution and value of these PSAs placements is tracked and reported by Nielsen Media Research Inc., a leading global media research and measurement company.