

JOYFUL HEART FOUNDATION, INC.

Financial Statements
With Independent Auditor's Report

December 31, 2020 and 2019

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

JOYFUL HEART FOUNDATION, INC.

DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Joyful Heart Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Joyful Heart Foundation, Inc., which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 audit. 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.

**To the Board of Directors
Joyful Heart Foundation, Inc.
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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 December 31, 2020, 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.

Prior Period Financial Statements

The financial statements of Joyful Heart Foundation, Inc. as of December 31, 2019, were audited by other auditors whose report dated November 20, 2020, expressed an unmodified opinion on those financial statements.

Galleras Robinson CPAs, LLP

New York, New York
December 13, 2021

JOYFUL HEART FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 3,330,394	\$ 2,479,429
Contributions receivable, net	60,000	50,000
Accounts and other receivables, net	1,527	6,159
Investments	<u>119,381</u>	<u>-</u>
Total Assets	<u>\$ 3,511,302</u>	<u>\$ 2,535,588</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 85,616	\$ 68,282
Loans payable	<u>99,047</u>	<u>-</u>
Total Liabilities	<u>184,663</u>	<u>68,282</u>
 NET ASSETS		
Without donor restrictions	3,155,048	2,290,715
With donor restrictions	<u>171,591</u>	<u>176,591</u>
Total Net Assets	<u>3,326,639</u>	<u>2,467,306</u>
Total Liabilities and Net Assets	<u>\$ 3,511,302</u>	<u>\$ 2,535,588</u>

JOYFUL HEART FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 2,122,142	\$ -	\$ 2,122,142	\$ 2,816,151	\$ -	\$ 2,816,151
Donated goods and services	-	-	-	67,374	-	67,374
Special events, net	-	-	-	113,663	-	113,663
Royalty income	26,471	-	26,471	33,147	-	33,147
Other income	3,358	-	3,358	7,429	-	7,429
Net assets released from restrictions	5,000	(5,000)	-	350,000	(350,000)	-
Total Support and Revenue	<u>2,156,971</u>	<u>(5,000)</u>	<u>2,151,971</u>	<u>3,387,764</u>	<u>(350,000)</u>	<u>3,037,764</u>
EXPENSES						
Program services	823,167	-	823,167	842,183	-	842,183
Supporting services:						
Management and general	271,300	-	271,300	215,937	-	215,937
Fundraising and development	198,171	-	198,171	370,023	-	370,023
Total Expenses	<u>1,292,638</u>	<u>-</u>	<u>1,292,638</u>	<u>1,428,143</u>	<u>-</u>	<u>1,428,143</u>
CHANGE IN NET ASSETS	864,333	(5,000)	859,333	1,959,621	(350,000)	1,609,621
NET ASSETS, BEGINNING OF YEAR	<u>2,290,715</u>	<u>176,591</u>	<u>2,467,306</u>	<u>331,094</u>	<u>526,591</u>	<u>857,685</u>
NET ASSETS, END OF YEAR	<u>\$ 3,155,048</u>	<u>\$ 171,591</u>	<u>\$ 3,326,639</u>	<u>\$ 2,290,715</u>	<u>\$ 176,591</u>	<u>\$ 2,467,306</u>

JOYFUL HEART FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Personnel								
Salaries	\$ 274,530	\$ 128,240	\$ 36,497	\$ 439,267	\$ 310,217	\$ 187,733	\$ 46,567	\$ 544,517
Payroll taxes and benefits	58,213	36,742	7,186	102,141	74,847	34,375	9,267	118,489
Total Personnel Costs	332,743	164,982	43,683	541,408	385,064	222,108	55,834	663,006
Other than Personnel Expenses								
Direct service program consultant fees	183,594	-	-	183,594	104,374	-	9,500	113,874
Program and professional fees	166,772	114,896	87,645	369,313	163,772	47,192	197,326	408,290
Occupancy	33,692	2,807	3,587	40,086	66,080	27,065	7,558	100,703
Supplies, printing and production expenses	89,655	22,139	14,335	126,129	87,991	22,364	47,217	157,572
Special event expenses	-	-	-	-	-	-	7,000	7,000
Travel, meeting and program coordination expense:	1,335	1,272	263	2,870	11,586	4,760	1,887	18,233
Insurance	3,345	1,309	412	5,066	11,369	4,722	1,399	17,490
Bad debt (recovery)	-	(45,000)	-	(45,000)	-	(110,000)	-	(110,000)
Other	12,031	8,895	48,246	69,172	11,947	(2,274)	49,302	58,975
Total Expenses	823,167	271,300	198,171	1,292,638	842,183	215,937	377,023	1,435,143
Less: Special event expenses deducted directly from revenues on the statements of activities	-	-	-	-	-	-	7,000	7,000
Total Expenses	\$ 823,167	\$ 271,300	\$ 198,171	\$ 1,292,638	\$ 842,183	\$ 215,937	\$ 370,023	\$ 1,428,143

STATEMENTS OF CASH FLOW

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 859,333	\$ 1,609,621
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Conversion of loan payable to contribution income	-	(102,000)
Bad debt expense	(45,000)	(110,000)
Net depreciation in fair value of investments	(1,839)	-
Changes in assets (increase) decrease:		
Contributions receivable	35,000	298,000
Accounts and other receivables	4,632	(4,679)
Prepaid expenses and other assets	-	25,977
Security deposits	-	24,000
Changes in liabilities (decrease):		
Accounts payable and accrued expenses	<u>17,334</u>	<u>(41,300)</u>
Net Cash Provided by Operating Activities	<u>869,460</u>	<u>1,699,619</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	99,047	-
Repayment of line of credit	-	(500,000)
Repayments of loans	<u>-</u>	<u>(125,000)</u>
Net Cash Provided by (Used in) Financing Activities	<u>99,047</u>	<u>(625,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(117,542)</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(117,542)</u>	<u>-</u>
NET INCREASE IN CASH	850,965	1,074,619
CASH, BEGINNING OF YEAR	<u>2,479,429</u>	<u>1,404,810</u>
CASH, END OF YEAR	<u>\$ 3,330,394</u>	<u>\$ 2,479,429</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 3,930</u>

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. ORGANIZATION AND NATURE OF ACTIVITIES

The mission of Joyful Heart Foundation, Inc. (“JHF” or the “Organization”), a California nonprofit corporation, is to transform society’s response to sexual assault, domestic violence, and child abuse; support survivors’ healing; and end such violence forever. JHF operates throughout the United States.

JHF works to achieve this mission through a program portfolio that includes the three integrated areas of Healing, Education and Advocacy. Through its advocacy programs, JHF seeks healing and justice for survivors of violence and abuse. JHF works in partnership at the federal, state and local levels, and with non-profit organizations, law enforcement, advocates and survivors, to bring attention, funding and reforms to improve the criminal justice response to sexual violence. The goal of JHF’s Education programs is to change the way society thinks about, talks about and responds to sexual assault, domestic violence and child abuse. JHF does this through public education; large-scale campaigns and film; by informing story lines on television; and by collaborating on public-private partnerships.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

JHF considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

- Level 1 Valuations based on quoted prices for identical assets and liabilities in active markets.
- Level 2 Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

December 31, 2020 and 2019, the fair value of JHF's financial instruments, including cash and cash equivalents, contributions receivable, accounts and other receivables and accounts payable and accrued expenses approximated book value due to the short maturity of these instruments.

Allowance for Doubtful Accounts

JHF carries its receivables at cost less an allowance for doubtful accounts. JHF estimates the allowance based on management's assessment of the credit worthiness of its contributors, current economic conditions, and historical information. Receivables more than one year old are considered past due. Interest is not charged on amounts determined to be past due. Receivables are written off when they are deemed to be uncollectible. At December 31, 2020 and 2019, JHF has recorded an allowance for doubtful accounts of \$30,000 and \$105,000, respectively.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. JHF capitalizes property and equipment with a useful life of two years or more and a cost of \$1,000 or more, unless a grantor funds such property and equipment and retains title to the property and equipment.

JHF moved to a new location at the end of 2019 and wrote off all of its fixed assets, incurring a loss of \$174,696. At December 31, 2020 and 2019, JHF did not have any property and equipment.

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Paycheck Protection Program (PPP) Loan Payable

The Organization recognized proceeds from the PPP loan payable as debt in accordance with FASB ASC 470, Debt. For purposes of derecognition of the liability FASB ASC 470-50-15-4 refers to guidance in FASB ASC 405-20. The proceeds from the loan would remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been “legally released” or (2) the debtor pays off the loan to the creditor. Interest is accrued in accordance with the interest method under FASB ASC 835-30. Additional interest at a market rate would not be imputed because transactions where interest rates are prescribed by governmental agencies are secluded from the scope of FASB ASC 835-30 guidance on imputing interest.

Contributions

Contributions are provided to JHF either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts and grants, with or without restrictions</i>	
Gifts and grants that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Expected to be collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions - Continued

Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue without donor restrictions.

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 specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations. Donated legal services received amounted to \$67,374 during 2019.

Functional Reporting of Expenses

The costs of providing JHF's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Direct service program consultant fees are directly charged to program expenses. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as time and effort.

Advertising Costs

JHF incurs various advertising costs. These costs are expensed as incurred. Production costs relating to Public Service Announcements ("PSA") are expensed in the year in which the PSA is first run.

Reclassification

Certain items in the 2019 financial statements were reclassified to conform to the 2020 presentation. These reclassifications had no impact on net assets.

Accounting for Uncertainty in Income Taxes

JHF applies the provisions pertaining to uncertain tax provisions in FASB ASC Topic 740 and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. JHF is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. JHF believes it is no longer subject to income tax examinations for years prior to 2017.

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Subsequent Events Evaluation by Management

JHF has evaluated all events or transactions that occurred after December 31, 2020 through December 13, 2021, which is the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosure.

Accounting Pronouncements Adopted During the Year

Effective January 1, 2020, JHF adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) using a modified retrospective method of adoption to all contracts with customers as of January 1, 2020. ASU 2014-09 requires JHF to recognize revenue that reflects the provision of services in amounts of the consideration to which JHF expects to be entitled in exchange for those services. The amount to which JHF expects to be entitled in exchange for those services is calculated as the transaction price and recorded as revenue in exchange for providing the services.

The adoption of this ASU did not impact the Organization's December 31, 2019 net asset balances.

Recent Accounting Guidance

On February 25, 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842)*" which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that re r control the use of, a specified asset for the lease term.

On June 3, 2020, ASU 2020-05, "*Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*" was issued which defers the effectivity dates of ASU 842 for another year for certain entities whose financial statements were not yet issued as of June 3, 2020. With this, the Organization's adoption of Topic 842 was deferred to fiscal year beginning after December 15, 2021.

On September 2020, FASB issued ASU 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets. ASU 2020-07 is effective for annual periods beginning after June 15, 2021.

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following represents JHF's financial assets reduced by amounts not available to meet cash needs for general expenditures within one year at December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,330,394	\$ 2,479,429
Contributions receivable, net	60,000	50,000
Accounts and other receivables	1,527	6,159
Investments	<u>119,381</u>	<u>-</u>
Total financial assets	3,511,302	2,535,588
Less: Contractual or donor-imposed restrictions:		
Donor restrictions	<u>171,591</u>	<u>176,591</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,339,711</u>	<u>\$ 2,358,997</u>

JHF manages its liquidity and reserves by operating within a prudent range of financial soundness and stability maintaining adequate liquid assets to fund near-term operating needs. To achieve these targets, JHF forecasts its future cash flows and monitors its liquidity monthly. During the years ended December 31, 2020 and 2019, the level of liquidity and reserves was managed within the policy.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Less than one year	\$ 15,000	\$ 75,000	\$ 90,000
One to five years	<u>-</u>	<u>-</u>	<u>-</u>
Total	15,000	75,000	90,000
Less:			
Allowance for doubtful accounts	<u>-</u>	<u>30,000</u>	<u>30,000</u>
	<u>\$ 15,000</u>	<u>\$ 45,000</u>	<u>\$ 60,000</u>

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

4. CONTRIBUTIONS RECEIVABLE - CONTINUED

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Less than one year	\$ 40,000	\$ 70,000	\$ 110,000
One to five years	-	45,000	45,000
Total	40,000	115,000	155,000
Less:			
Allowance for doubtful accounts	40,000	65,000	105,000
	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

Contributions more than one year have not been discounted to net present value as management deems such discount to be immaterial to the financial statements.

5. FAIR VALUE MEASUREMENTS

JHF measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Fair Value Hierarchy

The methodology for measuring fair value specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs) or reflect JHF's own assumptions of market participant valuation (unobservable inputs).

Items Measured at Fair Value on a Recurring Basis

Investments are stated at fair value using Level 1 inputs based on quoted market prices of identical securities. Assets using Level 2 inputs consist of corporate bonds. The fair value of the bonds is estimated using recently executed transaction in securities of the issuer or comparable issuers with comparable term, market price quotations (where observable), bond spreads and fundamental data relating to the issuer.

The following table presents JHF's assets that are measured at fair value on a recurring basis at December 31, 2020:

	2020		
	Level 1	Level 2	Total
Equities	\$ 72,003	\$ -	\$ 72,003
Exchange-traded funds	47,378	-	47,378
Total Assets Measured at Fair Value	<u>\$ 119,381</u>	<u>\$ -</u>	<u>\$ 119,381</u>

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

6. LOANS PAYABLE

On May 07, 2020, the Organization entered into a \$99,047.50 loan agreement with a financial institution under the Paycheck Protection Program (the "Program"), established by the federal government and administered by the Small Business Administration ("SBS"). The Organization will primarily be utilizing the program loan for payroll costs and anticipates that a large portion of the loan will be forgiven. In November 2020, equal monthly installments of principal and interest were scheduled to commence, which were to include interest payable at the rate of 1% per annum. However, under recently issued SBA guidance, JHF can delay its submission for loan forgiveness until March 2021. The loan is set to mature in April 2022; however, the Organization received notice on April 30, 2021 that the loan has been forgiven.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Time restrictions	\$ 45,000	\$ 50,000
Time and purpose restrictions - Healing and End the Backlog	<u>126,591</u>	<u>126,591</u>
	<u>\$ 171,591</u>	<u>\$ 176,591</u>

Net assets released from restrictions consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Time restrictions	\$ 5,000	\$ 350,000

8. CONCENTRATIONS

For the year ended December 31, 2020, approximately 30% of JHF's support and revenue (not including contributed goods and services) was generated by four donors.

For the year ended December 31, 2019, approximately 20% of JHF's support and revenue (not including contributed goods and services and the loss on disposal of fixed assets) was generated by two donors.

JHF maintains cash balances at one financial institution, which balances are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At December 31, 2020, and periodically throughout the years ended December 31, 2020 and 2019, JHF's balances exceeded these limits, however, management believes that credit risk related to these accounts is minimal.

JOYFUL HEART FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

9. COMMITMENTS

JHF leased real property at several locations. These leases had expiration dates ranging from March 31, 2019 to August 31, 2020. JHF signed a lease buyout at the end of 2019 for all of its leases. JHF moved its New York City office to another location where its rent is on a month-to-month basis. For the years ended December 31, 2020 and 2019, rent expense amounted to approximately \$40,086 and \$100,703, respectively.

10. PENSION PLAN

JHF has a 403(b) 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. Pension expense for the years ended December 31, 2020 and 2019 amounted to \$50 and \$665, respectively.

11. RELATED PARTY TRANSACTIONS

JHF purchases fundraising consulting from an organization that employs one of the members of the board. The member joined the board in 2019. The total charged to expense in 2020 and 2019 was \$215,650 and \$196,776, respectively.

12. COVID-19 FINANCIAL STATEMENTS IMPACTS

The COVID-19 pandemic continues to have a broad impact on business and financial markets around the world. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on our grantors, employees and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and results of operations is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.