



PREEMPTIVE LOVE COALITION

Financial Statements
With Independent Accountants' Review Report

December 31, 2016 and 2015

PREEMPTIVE LOVE COALITION

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Preemptive Love Coalition
Hewitt, Texas

We have reviewed the accompanying financial statements of Preemptive Love Coalition (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Capin Crouse LLP".

Lawrenceville, Georgia
June 30, 2017

PREEMPTIVE LOVE COALITION

Statements of Financial Position

	December 31,	
	2016	2015
ASSETS:		
Cash and cash equivalents	\$ 6,010,746	\$ 2,816,120
Investments	3,200,052	-
Accounts receivable	283,274	109,051
Prepaid expenses and other assets	53,167	38,706
Property and equipment-net	35,708	16,800
	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,582,947</u>	<u>\$ 2,980,677</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 171,278	\$ 7,109
	<u> </u>	<u> </u>
Net assets:		
Unrestricted:		
Undesignated	6,573,399	2,206,768
Board designated	750,000	750,000
Equity in property and equipment	35,708	16,800
	<u> </u>	<u> </u>
	7,359,107	2,973,568
Temporarily restricted–Aleppo fund	2,052,562	-
	<u> </u>	<u> </u>
	9,411,669	2,973,568
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 9,582,947</u>	<u>\$ 2,980,677</u>

See accompanying notes and independent accountants' review report

PREEMPTIVE LOVE COALITION

Statement of Activities

December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 7,045,532	\$ 2,674,162	\$ 9,719,694
Gifts in kind	33,120	-	33,120
Merchandise sales	280,969	-	280,969
Interest income	87,890	-	87,890
Other revenue	105,152	-	105,152
Total Support and Revenue	<u>7,552,663</u>	<u>2,674,162</u>	<u>10,226,825</u>
RECLASSIFICATIONS:			
Net assets released from restrictions	<u>621,600</u>	<u>(621,600)</u>	<u>-</u>
EXPENSES:			
Program services	3,281,822	-	3,281,822
Supporting expenses:			
Management and general	301,239	-	301,239
Fund-raising	205,663	-	205,663
Total Expenses	<u>3,788,724</u>	<u>-</u>	<u>3,788,724</u>
Change in Net Assets	4,385,539	2,052,562	6,438,101
Net Assets, Beginning of Year	<u>2,973,568</u>	<u>-</u>	<u>2,973,568</u>
Net Assets, End of Year	<u>\$ 7,359,107</u>	<u>\$ 2,052,562</u>	<u>\$ 9,411,669</u>

See accompanying notes and independent accountants' review report

PREEMPTIVE LOVE COALITION

Statement of Activities

December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE:			
Contributions	\$ 2,540,450	\$ -	\$ 2,540,450
Merchandise sales	14,935	-	14,935
Interest income	81,471	-	81,471
Other revenue	51,662	-	51,662
Total Support and Revenue	<u>2,688,518</u>	<u>-</u>	<u>2,688,518</u>
RECLASSIFICATIONS:			
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
EXPENSES:			
Program services	902,368	-	902,368
Supporting expenses:			
Management and general	152,488	-	152,488
Fund-raising	71,738	-	71,738
Total Expenses	<u>1,126,594</u>	<u>-</u>	<u>1,126,594</u>
Change in Net Assets	1,561,924	-	1,561,924
Net Assets, Beginning of Year	<u>1,411,644</u>	<u>-</u>	<u>1,411,644</u>
Net Assets, End of Year	<u>\$ 2,973,568</u>	<u>\$ -</u>	<u>\$ 2,973,568</u>

See accompanying notes and independent accountants' review report

PREEMPTIVE LOVE COALITION

Statements of Cash Flows

	December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 6,438,101	\$ 1,561,924
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	4,592	5,661
Unrealized gain on investments	(52)	-
Change in operating assets and liabilities:		
Accounts receivable	(174,223)	(9,051)
Prepays and other assets	(14,461)	6,279
Accounts payable	164,169	(51,158)
Net Cash Provided by Operating Activities	<u>6,418,126</u>	<u>1,513,655</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of securities	(3,200,000)	-
Purchases of equipment	(23,500)	(21,000)
Net Cash Used by Investing Activities	<u>(3,223,500)</u>	<u>(21,000)</u>
Net Change in Cash and Cash Equivalents	3,194,626	1,492,655
Cash and Cash Equivalents, Beginning of Year	<u>2,816,120</u>	<u>1,323,465</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,010,746</u>	<u>\$ 2,816,120</u>

See accompanying notes and independent accountants' review report

PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2016 and 2015

1. NATURE OF ORGANIZATION:

Preemptive Love Coalition (the Organization) is a Texas nonprofit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under section 509(a) of the Code.

The Organization is a global community of peacemakers providing emergency aid to families trapped on the front lines of conflict, small business grants to help those displaced by war to rebuild their lives, and medical care, including lifesaving heart surgeries for children.

Over the years the Organization has provided 2.2 million pounds of food for families fleeing ISIS, delivered 6 million liters of water, helped 120 Syrian and Iraqi refugees start new businesses, and provided 2,200 lifesaving operations for children.

In mid-2015, the Organization was winding down its emergency aid work in Iraq, having depleted its funds for such work, when it received a new wave of funding, leading the Organization to restart its aid work and hire additional staff to support its programming. The Organization continued to scale its aid programming as it continued to grow through 2016 and plans additional scaling in 2017.

During December 2016 alone, the Organization received support and revenue totaling approximately \$6.3 million. As a result of this influx of support and the corresponding increase in net assets at the end of the year, the Organization significantly expanded its operations in Iraq and Syria.

Support and revenue is primarily received from the general public, private foundations, corporations, and partner organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash held in bank checking and savings accounts. These accounts may, at times, exceed federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2016 and 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value. Other investments are reported at the lower of cost or fair value. Interest and dividend income and the realized and unrealized gain or loss on investments is reported as unrestricted investment income (loss) in the accompanying statements of activities unless a donor or law temporarily or permanently restricts its use. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy.

ACCOUNTS RECEIVABLE

In February 2015, the Organization entered in to an agreement with William Novick Global Cardiac Alliance (NCA). Under the terms of the agreement, the Organization shall provide up to \$500,000 in capital to identify, recruit, vet, and execute services with partners around the world toward the development of pediatric cardiac services. NCA agreed to pay the Organization eleven percent gross share of all contracts in which a non-charitable actor, its representatives or institutions, pay all or any portion of the total contracted fees. For the year ended December 31, 2016, the Organization disbursed \$612,220, recorded \$87,890 in interest income, and received repayments of \$525,887. For the year ended December 31, 2015, the Organization disbursed \$589,318, recorded \$81,471 in interest income, and received repayments of \$661,738. As of December 31, 2016 and 2015, the Organization's accounts receivable balance for NCA was \$283,274 and \$109,051, respectively.

PROPERTY AND EQUIPMENT

Land, buildings, and equipment are stated at cost, or if donated, at fair value as of the date of the gift. Purchases or donations in excess of \$2,500 are capitalized with lesser amounts expensed. At December 31, 2016, the Organization owned two vehicles with a useful life of 5 years under straight-line depreciation.

CLASSES OF NET ASSETS

Net assets are classified in the financial statements as follows:

Unrestricted net assets are those currently available for operations under the direction of the board of directors and resources invested in property and equipment.

Temporarily restricted net assets are those which are stipulated by donors for specific operating purposes, including projects and support organizations, or acquisition of property and equipment.

PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2016 and 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization's policy is to record support and revenue restricted for specific purposes that were received and spent in the same year as unrestricted.

Donated goods are recorded at fair value at the date of the gift.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long the long lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long lived assets are placed in service.

Other income is recorded when earned. Other income consists mainly of payments on a note previously expensed as bad debt and interest income.

Expenses are reported when costs are incurred. The cost of providing the various program services and supporting activities has been presented on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in general and administrative expenses in the statement of activities. As of December 31, 2016, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2016 and 2015

3. INVESTMENTS:

Investments reported at lower of cost or market value consist of:

	December 31,	
	2016	2015
Cash and cash equivalents	\$ 3,200,052	\$ -

Investment income consists of:

	Year Ended December 31,	
	2016	2015
Interest and dividends	\$ 52	\$ -

4. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

	December 31,	
	2016	2015
Vehicles	\$ 44,500	\$ 21,000
Less accumulated depreciation	(8,792)	(4,200)
	\$ 35,708	\$ 16,800

5. RELATED PARTIES:

During the fiscal year ended December 31, 2016, a member of management joined the board of directors of a not-for-profit that incubates and launches woman-led businesses. This not-for-profit provides merchandise sold in the Organization's online store. Merchandise is purchased at cost and branded for the Organization. During the fiscal year ended December 31, 2016, the Organization purchased \$2,754 of merchandise from the related party.

6. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.