

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2021

**WITH COMPARATIVE SUMMARIZED TOTALS
FOR THE YEAR ENDED DECEMBER 31, 2020**

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
<i>FINANCIAL STATEMENTS</i>	
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS.....	6
NOTES TO THE FINANCIAL STATEMENTS.....	7-13



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Shirley Proctor Puller Foundation, Inc.
St. Petersburg, Florida

Opinion

We have audited the accompanying financial statements of Shirley Proctor Puller Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 Shirley Proctor Puller Foundation, Inc. as of December 31, 2021, 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 Shirley Proctor Puller Foundation, Inc. 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 Shirley Proctor Puller Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 Shirley Proctor Puller Foundation, Inc.'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 Shirley Proctor Puller Foundation, Inc.'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 financial statements of Shirley Proctor Puller Foundation, Inc. as of and for the year ended December 31, 2020 were audited by a predecessor auditor. The predecessor auditor's report, dated April 9, 2021, expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tampa, Florida
June 30, 2022

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	December 31,	
	2021	2020
ASSETS		
Current assets		
Cash	\$ 266,452	\$ 50,605
Investments	10,069	5,071
Grant receivable	90,420	5,584
Prepaid expenses	48,726	22,143
Total current assets	415,667	83,403
Non-current assets		
Property and equipment, net	144,345	44,830
Total assets	\$ 560,012	\$ 128,233
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 15,373	\$ 3,921
Current portion of long-term debt	-	11,085
Total current liabilities	15,373	15,006
Long-term liabilities		
Long-term debt, net of current maturities	-	6,458
Total liabilities	15,373	21,464
Net assets		
Without donor restrictions	544,639	106,769
Total liabilities and net assets	\$ 560,012	\$ 128,233

See independent auditor's report and accompanying notes to the financial statements.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	<u>Changes in Net Assets</u>	
	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
PUBLIC SUPPORT AND OTHER REVENUES & GAINS		
Public support		
Grants and contributions	\$ 1,326,539	\$ 662,048
In-kind contributions	138,807	78,900
Total public support	<u>1,465,346</u>	<u>740,948</u>
Other revenues & gains		
Program income - tuition	8,810	4,200
Paycheck Protection Program	-	21,480
Other	6,309	86
Total other revenues & gains	<u>15,119</u>	<u>25,766</u>
Total public support and other revenues & gains	<u>1,480,465</u>	<u>766,714</u>
 EXPENSES		
Program services:		
M.A.S.T.R. KIDS ®	860,948	536,985
Supporting services:		
General administration	181,333	81,618
Fundraising	314	3,661
Total supporting services	<u>181,647</u>	<u>85,279</u>
Total expenses	<u>1,042,595</u>	<u>622,264</u>
Change in net assets without donor restrictions	437,870	144,450
Net assets without donor restrictions, beginning of year	<u>106,769</u>	<u>(37,681)</u>
Net assets without donor restrictions, end of year	<u>\$ 544,639</u>	<u>\$ 106,769</u>

See independent auditor's report and accompanying notes to the financial statements.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	Program Services	Supporting Services			Total Expenses	
	M.A.S.T.R. KIDS ®	General Administration	Fundraising	Total Supporting Services	December 31,	
						2021
Personnel expenses						
Salaries	\$ 561,179	\$ -	\$ -	\$ -	\$ 561,179	\$ 338,907
Payroll taxes	42,560	-	-	-	42,560	27,480
Benefits	5,841	-	6	6	5,847	1,279
	<u>609,580</u>	<u>-</u>	<u>6</u>	<u>6</u>	<u>609,586</u>	<u>367,666</u>
Other expenses						
In-kind donations	18,807	120,000	-	120,000	138,807	78,900
Supplies	128,608	438	-	438	129,046	34,204
Insurance	36,298	1,357	-	1,357	37,655	26,680
Rent	33,620	-	-	-	33,620	13,857
Contract services	6,985	16,895	-	16,895	23,880	29,893
Accounting and audit	-	19,000	-	19,000	19,000	18,425
Travel	10,355	-	-	-	10,355	862
Printing and postage	2,274	5,110	-	5,110	7,384	27,597
Field trip cost	7,220	-	-	-	7,220	1,377
Website	-	3,986	-	3,986	3,986	3,759
Office	955	2,128	308	2,436	3,391	2,945
Repair and maintenance	1,684	-	-	-	1,684	824
Advertising and promotion	206	1,069	-	1,069	1,275	273
Interest	-	121	-	121	121	2,493
Book purchases	-	-	-	-	-	650
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>
Total expenses before depreciation and amortization	856,592	170,104	314	170,418	1,027,010	610,601
Depreciation and amortization	4,356	11,229	-	11,229	15,585	11,663
Total expenses	<u>\$ 860,948</u>	<u>\$ 181,333</u>	<u>\$ 314</u>	<u>\$ 181,647</u>	<u>\$ 1,042,595</u>	<u>\$ 622,264</u>

See independent auditor's report and accompanying notes to the financial statements.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)

	December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 437,870	\$ 144,450
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	15,585	11,663
Net gain on investments	(3,019)	(86)
Donated securities	(1,979)	-
(Increase) decrease in assets:		
Grant receivable	(84,836)	316
Prepaid expenses	(26,583)	(18,775)
Other assets	-	595
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	11,452	(1,453)
Net cash provided by operating activities	348,490	136,710
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(115,100)	(4,985)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of related party loan	-	(70,000)
Payments on long-term debt	(17,543)	(38,604)
Net cash used in financing activities	(17,543)	(108,604)
Net change in cash and cash equivalents	215,847	23,121
Cash and cash equivalents, beginning of year	50,605	27,484
Cash and cash equivalents, end of year	\$ 266,452	\$ 50,605
NONCASH TRANSACTION:		
Receipt of donated securities	\$ 1,979	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST	\$ 121	\$ 2,493

See independent auditor's report and accompanying notes to the financial statements.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 NATURE OF THE ORGANIZATION

The Shirley Proctor Puller Foundation, Inc. (the "Organization" of "SPPF") incorporated as a Not-for-Profit organization in 2014. The Organization is located in Cortez Way South, St. Petersburg, FL and has two service locations located in 31st Street South and 20th Street South, St. Petersburg, FL. SPPF was named in honor of the late Shirley Proctor Puller, a dedicated Pinellas County teacher and educator, who was a passionate advocate of children's literacy.

The mission of the Organization is to advance reading, math, and science literacy, helping to close the achievement gap for children in the "at-risk" communities of St. Petersburg. The vision is a fully engaged, highly literate youth population in St. Petersburg who have achieved excellence in reading, math, and science, resulting in unlimited post-graduate opportunities. The Organization provides these tools and support through the M.A.S.T.R. KIDS ® Programs as well as free book distribution at community events to continually promote reading as a catalyst for literacy.

SPPF is governed by an independent, volunteer Board of Directors (the "Board") who oversees the Organization's operations. Revenues to support the Organization are primarily received by grants through the Juvenile Welfare Board (the "JWB"), as well as donations of cash, materials, and services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

SPPF has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Under ASC 958, SPPF is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, the Organization reports information regarding its financial position and activities as follows: (1) net assets without restrictions, which include no donor-imposed restrictions and, therefore, are available for any purpose authorized by the Board; and (2) net assets with restrictions, which include donor-imposed restrictions that will expire in the future.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Revenue Recognition

Contributions are recorded at their fair market value on the date of receipt. All contributions are available for unrestricted use unless specifically designated by the donor. The Organization reports contributions restricted by donors as increases in net assets *without* donor restrictions if restrictions expire (that is, when either a stipulated time restriction ends, or a purpose restriction is accomplished) in the same reporting period in which revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Support arising from donated, or in-kind, goods, property, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee. For the year ended December 31, 2021, volunteers provided services to assist the Organization's management and fundraising functions for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP.

Cash and Cash Equivalents

SPPF considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. SPPF has a policy of capitalizing expenditures for property and equipment with costs greater than \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the property and equipment which range from five to 20 years.

If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Fair Value Measurements

In accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, the Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). SPPF may use valuation techniques consistent with the market income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

- Level 2 Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data are also included. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The method described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

Concentration of Credit Risk

Financial instruments that potentially subject SPPF to concentrations of credit risk consist primarily of bank deposits and grant receivable.

The Organization maintains bank accounts with balances which, at times, may exceed federally insured limits. As of December 31, 2021, SPPF did not report uninsured cash in any bank account. The Organization has not experienced any losses on such accounts, and believes it is not exposed to any significant risk on bank deposit accounts.

Functional Allocation of Expenses

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Natural expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas. Personnel expenses are indirect costs that have been allocated among the functional areas based on time and effort spent by employees.

Summarization and Reclassification of Certain 2020 Information

The financial information for the year ended December 31, 2020, presented for comparative purposes, is not intended to be a complete presentation. Certain 2020 amounts were reclassified to conform to the presentation in the current year. These reclassifications had no change on prior year reported changes in net assets or end of year net assets.

Advertising

Advertising costs are charged to operations when incurred. Approximately \$1,000 of advertising and promotional expense was incurred and paid for by the Organization during the year ended December 31, 2021.

Federal Income Tax

SPPF is exempt income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Management has evaluated the Organization's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, SPPF is subject to income tax up to three years after tax returns are filed.

Recent Accounting Pronouncements Not Yet Adopted

1. In 2016, Accounting Standards Update No. 2016-02, *Leases*, ("ASU 2016-02") was issued. The amendments in ASU 2016-02 affect any entity that enters into leasing contracts. This ASU supersedes the revenue recognition requirements in ASC 840, *Leases*, and most industry-specific guidance.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

The core principle of the guidance is to increase transparency and comparability among organizations by recognizing rights and obligations of leasing activities as assets and lease liabilities on the balance sheet. Under this ASU, lease assets and lease liabilities should be recognized for those leases previously classified as operating leases.

ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization will adopt this new standard effective for the fiscal year ending December 31, 2022 and shall disclose qualitative and quantitative information.

2. In 2020, ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, was issued. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The standard will be effective for the Organization for fiscal year ending December 31, 2022.

Going Concern Evaluation

On an annual basis, as required by FASB ASC 205, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Subsequent Events

In accordance with FASB ASC 855, the Organization evaluated subsequent events through June 30, 2022, the date the financial statements were available for issue.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

SPPF's financial assets available within one year of the Statement of Financial Position date to meet cash needs for general expenditure were as follows as of December 31, 2021:

Cash	\$ 266,452
Investments	10,069
Grant receivable	<u>90,420</u>
	<u>\$ 366,941</u>

SPPF structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 INVESTMENTS

SPPF's investments consist of equity securities and money market funds. Investment returns on those securities for the year ended December 31, 2021 were as follows:

Investments as of December 31, 2020	\$ 5,071
Contribution	1,979
Interest and dividends	129
Realized and unrealized gains	<u>2,890</u>
Investments as of December 31, 2021	<u>\$ 10,069</u>

NOTE 5 FAIR VALUE MEASUREMENTS

The Organization's investments are measured at fair value on a recurring basis as follows as of December 31, 2021:

	Quotes Prices of Identical Products in Active Markets (Level 1)
Equities	<u>\$ 9,940</u>
Money market	<u>129</u>
	<u>\$ 10,069</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2021:

Leasehold improvements	\$ 116,400
Vehicles	<u>56,147</u>
Less Accumulated depreciation and amortization	<u>(28,202)</u>
	<u>\$ 144,345</u>

Depreciation and amortization expense for the year ended December 31, 2021 was approximately \$16,000.

NOTE 7 CONCENTRATIONS

JWB and a private foundation provided 55% and 15%, respectively, of the Organization's revenue, excluding those derived from in-kind goods and services, during the year ended December 31, 2021.

THE SHIRLEY PROCTOR PULLER FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 COMMITMENTS AND CONTINGENCIES

The Organization leases daycare centers under operating leases that automatically renew annually, through 2031. SPPF or the lessors may terminate either of the leases upon nine-months' written notice.

SPPF may periodically be involved in legal actions and claims that arise as a result of events that occur in the normal course of operations.

NOTE 9 RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared a novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. These measures could negatively impact the Organization's operations, vendors, and contributors. SPPF cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact its operations or cash flows.