

**onePULSE FOUNDATION, INC.**  
**Financial Statements**  
**December 31, 2020 and 2019**  
**With Independent Auditor's Report**

**onePULSE Foundation, Inc.**  
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**December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,  
onePULSE Foundation, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of onePULSE Foundation, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to 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 audits 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 onePULSE Foundation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*WithumSmith+Brown, PC*

May 11, 2021

**onePULSE Foundation, Inc.**  
**Statements of Financial Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 1,175,294	\$ 482,308
Grants and accounts receivable	342,933	75,000
Unconditional promises to give, net		
Without donor restrictions	263,260	290,398
With donor restrictions	333,181	823,485
Donated facilities use - current portion	68,786	41,639
Merchandise inventory	<u>21,533</u>	<u>16,508</u>
Total current assets	<u>2,204,987</u>	<u>1,729,338</u>
Noncurrent assets		
Long-term unconditional promises to give		
With donor restrictions	418,487	556,733
Property and equipment, net	3,713,170	3,757,151
Donated facilities use - noncurrent portion	101,380	141,266
Other assets	<u>25,537</u>	<u>27,599</u>
Total noncurrent assets	<u>4,258,574</u>	<u>4,482,749</u>
Total assets	<u>\$ 6,463,561</u>	<u>\$ 6,212,087</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Account payable and accrued expenses	\$ 508,291	\$ 169,886
Line of credit	96,000	221,000
Current portion of long-term debt	<u>2,095</u>	<u>-</u>
Total current liabilities	<u>606,386</u>	<u>390,886</u>
Noncurrent liabilities		
Long-term debt - less current maturities	<u>147,905</u>	<u>-</u>
Total noncurrent liabilities	<u>147,905</u>	<u>-</u>
Total liabilities	<u>754,291</u>	<u>390,886</u>
Net assets		
Without donor restrictions	522,597	482,418
With donor restrictions	<u>5,186,673</u>	<u>5,338,783</u>
Total net assets	<u>5,709,270</u>	<u>5,821,201</u>
Total liabilities and net assets	<u>\$ 6,463,561</u>	<u>\$ 6,212,087</u>

The Notes to Financial Statements are an integral part of these statements.

**onePULSE 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
<b>Support and revenue</b>						
Support						
Contributions						
Individuals	\$ 260,004	\$ 242,296	\$ 502,300	\$ 208,884	\$ 91,166	\$ 300,050
Businesses	158,891	166,938	325,829	1,312,283	644,291	1,956,574
Foundations and trusts	54,375	109,128	163,503	1,000	85,160	86,160
Grant revenue	2,006,713	-	2,006,713	503,631	3,505,734	4,009,365
In-kind donations	273,885	28,900	302,785	431,440	182,905	614,345
Releases from restriction	736,363	(736,363)	-	248,163	(248,163)	-
Total support	<u>3,490,231</u>	<u>(189,101)</u>	<u>3,301,130</u>	<u>2,705,401</u>	<u>4,261,093</u>	<u>6,966,494</u>
Revenue						
Special events, net of expenses of \$57,286 and \$87,281 for 2020 and 2019, respectively	129,687	-	129,687	107,809	-	107,809
Merchandise sales	36,010	-	36,010	87,722	-	87,722
Investment income	3,316	-	3,316	7,448	-	7,448
Other	76,758	36,991	113,749	26,307	46,070	72,377
Total revenue	<u>245,771</u>	<u>36,991</u>	<u>282,762</u>	<u>229,286</u>	<u>46,070</u>	<u>275,356</u>
Total support and revenue	<u>3,736,002</u>	<u>(152,110)</u>	<u>3,583,892</u>	<u>2,934,687</u>	<u>4,307,163</u>	<u>7,241,850</u>
<b>Expenses</b>						
Program services	<u>3,184,630</u>	<u>-</u>	<u>3,184,630</u>	<u>2,130,099</u>	<u>-</u>	<u>2,130,099</u>
Supporting services						
General and administrative	210,132	-	210,132	204,807	-	204,807
Fundraising	301,061	-	301,061	217,125	-	217,125
Total expenses	<u>511,193</u>	<u>-</u>	<u>511,193</u>	<u>421,932</u>	<u>-</u>	<u>421,932</u>
Total expenses	<u>3,695,823</u>	<u>-</u>	<u>3,695,823</u>	<u>2,552,031</u>	<u>-</u>	<u>2,552,031</u>
<b>Changes in net assets</b>	40,179	(152,110)	(111,931)	382,656	4,307,163	4,689,819
<b>Net assets</b>						
Beginning of year	<u>482,418</u>	<u>5,338,783</u>	<u>5,821,201</u>	<u>99,762</u>	<u>1,031,620</u>	<u>1,131,382</u>
End of year	<u>\$ 522,597</u>	<u>\$ 5,186,673</u>	<u>\$ 5,709,270</u>	<u>\$ 482,418</u>	<u>\$ 5,338,783</u>	<u>\$ 5,821,201</u>

The Notes to Financial Statements are an integral part of these statements.

**onePULSE Foundation, Inc.**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Changes in net assets	\$ (111,931)	\$ 4,689,819
Adjustments to reconcile changes in net assets to net cash and cash equivalents provided by operating activities		
Depreciation and amortization	43,981	40,084
Amortization of other assets	2,062	2,062
Amortization of discounts on unconditional promises to give	(36,674)	(46,070)
Contributions of property and equipment	-	(3,505,734)
Contribution of facilities use	(59,533)	(193,425)
Amortization of donated facilities use	72,272	10,520
Forgiveness of debt	(166,500)	-
Changes in		
Grants receivable	(267,933)	(75,000)
Unconditional promises to give	692,362	(653,540)
Merchandise inventory	(5,025)	(3,793)
Other assets	-	(10,504)
Accounts payable and accrued expenses	<u>338,405</u>	<u>113,772</u>
Net cash provided by operating activities	<u>501,486</u>	<u>368,191</u>
<b>Investing activities</b>		
Purchase of property and equipment	<u>-</u>	<u>(29,033)</u>
Net cash used in investing activities	<u>-</u>	<u>(29,033)</u>
<b>Financing activities</b>		
Proceeds from line of credit	275,000	294,000
Payments on line of credit	(400,000)	(220,146)
Proceeds from long-term debt	<u>316,500</u>	<u>-</u>
Net cash provided by financing activities	<u>191,500</u>	<u>73,854</u>
Net change in cash and cash equivalents	692,986	413,012
<b>Cash and cash equivalents</b>		
Beginning of year	<u>482,308</u>	<u>69,296</u>
End of year	<u>\$ 1,175,294</u>	<u>\$ 482,308</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid during the year	<u>\$ 15,932</u>	<u>\$ 4,107</u>

The Notes to Financial Statements are an integral part of these statements.

**onePULSE Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	<b>Supporting Services</b>				<b>Total</b>
	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Subtotal</b>	
Salaries and wages	\$ 779,761	\$ 41,888	\$ 121,402	\$ 163,290	\$ 943,051
Payroll taxes	59,251	3,197	9,291	12,488	71,739
Employee benefits	22,168	1,060	5,777	6,837	29,005
Other payroll costs	2,454	158	925	1,083	3,537
Design and construction	1,544,741	-	-	-	1,544,741
Accounting	-	23,576	-	23,576	23,576
Legal fees	82,239	275	-	275	82,514
Advertising and promotion	564	250	25,505	25,755	26,319
Merchandise expenses	-	322	13,070	13,392	13,392
Contract labor	-	-	44,160	44,160	44,160
Public relations	2,287	390	20,161	20,551	22,838
Office expense	-	18,869	167	19,036	19,036
Information technology	-	12,571	4,762	17,333	17,333
Occupancy	542	49,616	-	49,616	50,158
Business operations	-	732	350	1,082	1,082
Conferences, conventions, and meetings	-	132	-	132	132
Interest expense	-	15,932	-	15,932	15,932
Depreciation and amortization	28,572	17,471	-	17,471	46,043
Insurance	-	6,012	-	6,012	6,012
Community awareness and marketing	152,759	14,069	54,747	68,816	221,575
Bank charges and merchant fees	-	2,673	744	3,417	3,417
Memorial operations	148,369	-	-	-	148,369
Taxes and licenses	47,923	-	-	-	47,923
Employee relations and education	-	155	-	155	155
Dues and subscriptions	-	784	-	784	784
Scholarships	313,000	-	-	-	313,000
	<u>\$ 3,184,630</u>	<u>\$ 210,132</u>	<u>\$ 301,061</u>	<u>\$ 511,193</u>	<u>\$ 3,695,823</u>

The Notes to Financial Statements are an integral part of this statement.

**onePULSE Foundation, Inc.**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	<b>Supporting Services</b>				<b>Total</b>
	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising</b>	<b>Subtotal</b>	
Salaries and wages	\$ 482,583	\$ 53,756	\$ 74,525	\$ 128,281	\$ 610,864
Payroll taxes	35,816	3,990	5,531	9,521	45,337
Employee benefits	20,535	2,287	3,171	5,458	25,993
Other payroll costs	2,947	328	455	783	3,730
Design and construction	632,046	-	-	-	632,046
Accounting	5,775	17,325	-	17,325	23,100
Legal fees	-	39,317	-	39,317	39,317
Advertising and promotion	157,609	-	107,658	107,658	265,267
Merchandise expenses	30,982	-	-	-	30,982
Contract labor	44,251	2,603	5,206	7,809	52,060
Public relations	65,797	-	-	-	65,797
Office expense	106,575	11,887	16,614	28,501	135,076
Information technology	59,147	24,411	-	24,411	83,558
Occupancy	22,862	2,550	3,564	6,114	28,976
Business operations	2,571	287	401	688	3,259
Conferences, conventions, and meetings	-	23,105	-	23,105	23,105
Interest expense	-	4,107	-	4,107	4,107
Depreciation and amortization	28,401	13,745	-	13,745	42,146
Insurance	1,510	266	-	266	1,776
Community awareness and marketing	187,289	-	-	-	187,289
Bank charges and merchant fees	2,872	2,950	-	2,950	5,822
Memorial operations	199,119	-	-	-	199,119
Taxes and licenses	35,243	-	-	-	35,243
Employee relations and education	5,679	1,893	-	1,893	7,572
Dues and subscriptions	490	-	-	-	490
	<u>\$ 2,130,099</u>	<u>\$ 204,807</u>	<u>\$ 217,125</u>	<u>\$ 421,932</u>	<u>\$ 2,552,031</u>

The Notes to Financial Statements are an integral part of this statement.



**onePULSE Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**1. ORGANIZATION AND PURPOSE**

onePULSE Foundation (the “Foundation”) is the official 501(c)(3) nonprofit incorporated to manage the design and construction of the permanent national memorial and museum dedicated to the PULSE tragedy. Its mission is to create and support a memorial that opens hearts, a museum that opens minds, educational programs that open eyes and legacy scholarships that open doors. Its vision is to establish a sanctuary of healing and a beacon of hope by memorializing the lives taken, the lives saved, and all the lives affected by the Pulse nightclub tragedy of June 12, 2016 – ensuring Pulse’s legacy of love lives on forever.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The presentation 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.

**Basis of Preparation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). According to U.S. GAAP, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed stipulations. These assets may, however, be subject to Board designation and unavailable for use at management’s discretion.

**Net assets with donor restrictions:** Net assets subject to donor-imposed stipulations. These stipulations either require the Foundation to maintain the net asset permanently, generally permitting all or part of the income earned on related investments for general or specific purposes, or be met either by the completion of a stipulated action and/or the passage of time that may or will be met, either by actions of the Foundation and/or the passage of time.

The financial statements of the Foundation include program services and supporting services. Program services expenses include primarily staff salaries, benefits, payroll taxes, rent, and professional fees to support the Foundation’s programs. Supporting services expenses include program development and general and administrative expenses which include staff salaries, benefits, payroll taxes, professional fees, insurance, and other general expenses required to administer program services.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as an increase in net assets without donor restrictions unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due within one year are recorded at their net realizable value. Unconditional promises to give due after one year are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

**onePULSE Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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Grant revenues are recognized as costs are incurred and as invoiced in accordance with the terms of the grant or as received in the absence of grant requirements. Costs incurred for which payment has not been received are accrued as grants receivable.

Special event revenues consist primarily of registration and sponsorship fees and represent exchange transactions based on benefits received. The Foundation's performance obligation is satisfied and revenue is recognized at a point in time upon completion of the scheduled event.

Merchandise sales are recorded when the customer receives the promised goods in exchange for consideration.

**Cash and Cash Equivalents**

Cash and cash equivalents include funds in checking and money market accounts. The Foundation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Included in cash and cash equivalents are funds segregated and held for future use in donor-restricted activities, including scholarships, education and construction of the onePULSE museum and memorial totaling \$478,445 and \$271,101 at December 31, 2020 and 2019, respectively. Additionally, the board of trustees has elected to designate 2% of all contributions in excess of \$25,000 to a reserve fund for future use at the discretion of the investment committee. At December 31, 2020 and 2019, the reserve balance was \$25,494 and \$25,327, respectively.

**Grants Receivable**

Grants receivable are stated at net realizable value. The Foundation writes off grants receivable at the time they are deemed to be uncollectible. At December 31, 2020 and 2019, management considered all grants receivable to be collectible.

**Merchandise Inventory**

Inventory of promotional clothing and accessories is stated at the lower of cost (first-in, first-out basis) or net realizable value.

**Property and Equipment**

The Foundation capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life (Years)</u>
Interim Memorial	3 – 10
Leasehold improvements	Shorter of estimated useful life or lease term
Computer equipment, website, and software	3

**onePULSE Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**Other Assets**

Other assets consist of various deposits and documentary costs which are amortized over a five-year period, and logo and trademark costs, the fair value of which is annually evaluated by management and adjusted for impairment. Amortization expense for each of the years ended December 31, 2020 and 2019 was \$2,062.

**In-Kind Contributions**

In-kind contributions consisting of advertising, facilities usage, contributed services, and other goods and services are recognized as support and expenses in the statements of activities at their estimated fair values at the date of the donation.

A number of volunteers have contributed significant amounts of their time to the Foundation's programs and support. Contributions of services are recorded if the services received (a) create or enhance nonfinancial 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 donation.

**Income Taxes**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an other-than-private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the financial statements.

Management analyzed its various federal and state filing positions and believes that its income tax filing positions and deductions are well documented and supported. Additionally, management believes that no accruals for tax liabilities related to uncertain income tax positions are required. Therefore, no reserves for uncertain tax positions have been recorded. When applicable, interest and penalties will be reported as income tax expense.

**Advertising**

Advertising and promotion costs are expensed as incurred. Advertising expenses totaled \$26,319 and \$265,267 for the years ended December 31, 2020 and 2019, respectively.

**Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been charged to program services or supporting services based on a combination of specific identification and allocation by management.

Directly identifiable expenses are charged to programs and supporting services. Management and general administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Foundation. Such expenses have been allocated across program and supporting services based on an estimate of actual time spent or an allocation based on estimated time spent in each area for all employees.

**Subsequent Events**

The Foundation has evaluated subsequent events through May 11, 2021, the date which the financial statements were available to be issued. Except as disclosed in Notes 4 and 13, the Foundation's management has determined that no additional subsequent events occurred which require adjustment to or disclosure in the financial statements.

**onePULSE Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**3. PROPERTY AND EQUIPMENT**

At December 31, 2020 and 2019, property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 3,505,734	\$ 3,505,734
Interim memorial	253,060	253,060
Leasehold improvements	12,000	12,000
Computer equipment, website, and software	<u>39,024</u>	<u>39,024</u>
	3,809,818	3,809,818
Accumulated depreciation and amortization	<u>(96,648)</u>	<u>(52,667)</u>
Total property and equipment, net	<u>\$ 3,713,170</u>	<u>\$ 3,757,151</u>

Depreciation and amortization expense of property and equipment for the years ended December 31, 2020 and 2019 was \$43,981 and \$40,084, respectively.

During 2019, land with an approximate cost of \$3,500,000 was acquired under a grant agreement with Orange County, Florida, (the "County") as the site of a future museum. Under the terms of this contract, the County may exercise the option to repossess the land if it ceases to be used for its intended purpose.

**4. LINE OF CREDIT**

The Foundation has a \$300,000 bank line of credit collateralized by certain assets of the Foundation. Interest is payable monthly at a rate equal to the prime rate plus 2% (5.25% and 6.75% at December 31, 2020 and 2019, respectively), and is due on demand. The line of credit matured in April 2021, and has been renewed through April 2024. At December 31, 2020 and 2019, the outstanding balance on the line was \$96,000 and \$221,000, respectively. Interest expense for the years ended December 31, 2020 and 2019 totaled \$12,668 and \$4,107, respectively.

**5. NOTE PAYABLE**

During 2020, the Foundation obtained an Economic Disaster Injury Loan in the amount of \$150,000. The loan is guaranteed by the Small Business Administration ("SBA") and is collateralized by all assets of the Foundation. Under the terms of the agreement, monthly principal and interest payments of \$641 commence one year from the effective date of the loan, with the balance of principal and interest due thirty years from the date of the agreement.

At December 31, 2020, future maturities of the note payable are as follows:

Year Ending December 31,	
2021	\$ 2,095
2022	3,671
2023	3,773
2024	3,878
2025	3,986
Thereafter	<u>132,597</u>
	<u>\$ 150,000</u>

**onePULSE Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**6. NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2020 and 2019, restrictions on net assets consist of the following:

	<u>2020</u>	<u>2019</u>
Capital campaign		
Land acquisition and design costs	\$ 3,505,734	\$ 3,505,734
Memorial and museum construction	82,615	97,691
Programs		
Scholarship	350,923	307,870
onePULSE Academy	437,308	544,291
Special event		
Community Run	-	25,000
Pledges and contributions which are time restricted for use in future periods	<u>810,093</u>	<u>858,197</u>
	<u>\$ 5,186,673</u>	<u>\$ 5,338,783</u>

**Capital Campaign**

The Foundation intends to construct a museum as a memorial to the victims of the Pulse nightclub mass shooting. On October 30, 2018, the Foundation and Orange County, Florida entered into a funding agreement to acquire property and pay acquisition and design costs for the construction located in downtown Orlando. The County will provide up to \$10,000,000 through Excess Tourist Development Tax Revenue (“TDT”) as appropriated for capital projects. As of December 31, 2020 and 2019, amounts raised for land acquisition, design, and construction are restricted for the permanent museum, including parking and ancillary needs.

Fundraising progress for the capital campaign was impacted in 2020 by the Covid-19 pandemic. The decision was made to flip the traditional business model of a capital campaign from doing the silent phase first, which means raising half of the income needed before going “public.” The Foundation spent significant time and resources in 2020 in the planning and development stages of the “OUTLOVE HATE” campaign; securing an agency, developing the strategy, branding, design and media plan. The campaign involves social media crowdsourcing, whereby individual donors can purchase and upload a photo of themselves or any photo they wish to a digital mural, which will ultimately be a permanent donor photo wall and art installation inside the Pulse Museum.

**Scholarship**

The Foundation will award 49 scholarships annually, each up to \$10,000, for use at an accredited institution of higher learning, including career and technical schools. Working with the families and loved ones of those killed, onePULSE Foundation has established the scholarships based on the respective victims’ interests, careers or aspirations. As an extension of their impact on our world, the scholarships will inspire and empower students who share similar dreams, ambitions and goals.

onePULSE will consider many factors when assessing scholarship applicants, including the applicant’s personal story, financial need or independence, strong academic or self-improvement interest, and proven track record of leadership, community involvement and/or work experience. Preference will be given to applicants who are immediate family members of the 49 victims, as well as all of the survivors of the tragedy. The first scholarships were awarded for use in the 2020-2021 academic year. At December 31, 2020, the Foundation accrued \$96,917 in scholarships approved but not yet paid which has been included in accounts payable and accrued expenses in accompanying statement of financial position.

**onePULSE Foundation, Inc.**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

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**onePULSE Academy**

onePULSE Academy is the education arm of the onePULSE Foundation. It is committed to promoting acceptance and inclusion through innovative, reflective, experiential learning methods. Its four specific functions are to provide educational programs that facilitate prosocial behavior; educational platforms that promote acceptance and inclusion; educational site tours that create safer learning communities; and an education hub for knowledge and information on social issues. It aims to positively impact social change at the individual, group and community levels.

**CommUNITY Run**

The 4.9k CommUNITY Rainbow Run, benefiting the onePULSE Foundation, celebrates the love, hope, unity, acceptance, courage and strength that brought Orlando and the world together during the healing process following the Pulse nightclub tragedy of June 12, 2016. The annual event, held in early June, is presented by Orlando Health and in partnership with the DeVos Sport Business Management Program at UCF. It is the Foundation's signature fundraising event, attracting participants from across the United States and the world.

Again, due to the impact of Covid-19, the 4th annual CommUNITY Rainbow Run pivoted to an all virtual run and was moved from June to September. There were a total of 2,199 registered runners from all 50 states and 15 different countries and territories

**7. UNCONDITIONAL PROMISES TO GIVE**

At December 31, 2020 and 2019, unconditional promises to give consist of the following:

	<b>December 31, 2020</b>		
	<b>Due in 1 Year</b>	<b>Due in 2 - 3 Years</b>	<b>Total</b>
Pledges receivable			
Individuals	\$ 30,000	\$ 80,000	\$ 110,000
Businesses	350,000	25,000	375,000
Foundations	<u>290,000</u>	<u>350,000</u>	<u>640,000</u>
	670,000	455,000	1,125,000
Less			
Discount to present value	<u>(73,559)</u>	<u>(36,513)</u>	<u>(110,072)</u>
	<u>\$ 596,441</u>	<u>\$ 418,487</u>	<u>\$ 1,014,928</u>

**onePULSE Foundation, Inc.**  
**Notes to Financial Statements**  
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	December 31, 2019		
	Due in 1 Year	Due in 2 - 3 Years	Total
Pledges receivable			
Individuals	\$ 30,873	\$ 30,000	\$ 60,873
Businesses	600,000	300,000	900,000
Foundations	<u>520,000</u>	<u>310,000</u>	<u>830,000</u>
	1,150,873	640,000	1,790,873
Less			
Discount to present value	<u>(36,990)</u>	<u>(83,267)</u>	<u>(120,257)</u>
	<u>\$ 1,113,883</u>	<u>\$ 556,733</u>	<u>\$ 1,670,616</u>

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques in the period the unconditional promise to give is received. Management uses a discount rate which approximates the Foundation's cost of borrowing consistent with that of its bank line of credit (Note 4). At December 31, 2020 and 2019, the unamortized discount associated with promises to give collectible beyond one year is \$110,072 and \$120,257, respectively.

No allowance for doubtful accounts is recorded as management believes all promises to give are collectible.

**8. DONATED FACILITIES USE**

During 2020, the Foundation entered into a lease with a related party for use of the interim memorial site (see Note 10). The lease is for a period of two years and calls for annual rent of \$10. For the year ended December 31, 2020, the Foundation recorded the discounted present value of the contribution of the donated facilities use at \$59,533 on the statement of activities as an in-kind donation.

During 2019, the Foundation entered into a building lease with the City of Orlando (the "City"). The lease is for a period of five years and calls for annual rent of \$1. For the year ended December 31, 2019, the Foundation recorded the discounted present value of the City's contribution of the donated facilities use at \$193,425 on the statement of activities as an in-kind donation.

The donated facilities use is being amortized over the terms of the leases and are included as a component of occupancy expense in the statements of functional expenses. The net balance of the donated facilities use related to future years at December 31, 2020 and 2019, is included in net assets with donor restrictions in the accompanying statements of financial position as follows:

	<u>2020</u>	<u>2019</u>
Donated facilities use	\$ 252,958	\$ 193,425
Less: Accumulated amortization	<u>(82,792)</u>	<u>(10,520)</u>
	170,166	182,905
Less: Donated facilities use - current portion	<u>(68,786)</u>	<u>(41,639)</u>
Donated facilities use - noncurrent portion	<u>\$ 101,380</u>	<u>\$ 141,266</u>

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**9. IN-KIND CONTRIBUTIONS**

Contributed services and facilities reflected in the financial statements as in-kind donations consist of the following:

	<u>2020</u>	<u>2019</u>
Billboard, print, and media advertising and supplies	\$ 154,524	\$ 206,307
Professional services and office supplies	88,728	185,533
Donated facilities use, net of discount	59,533	193,425
Rent of interim memorial site	-	29,080
	<u>\$ 302,785</u>	<u>\$ 614,345</u>

**10. RELATED PARTY TRANSACTIONS**

The Foundation currently employs a social media, website and marketing services company whose owner is a family member of a Foundation staff. During 2019, the Foundation employed a social media and website services company whose corporate secretary is a Foundation trustee. Total design and social media expenses for the years ended December 31, 2020 and 2019 were \$40,465 and \$87,075, of which \$40,465 and \$40,175 are included with in-kind donations and advertising and promotion expenses on the accompanying statements of activities and functional expenses, respectively.

The Foundation received in-kind legal services from a law firm for which a board member serves as an executive. Total legal fees expenses for the year ended December 31, 2020 and 2019 was \$82,514 and \$39,316, respectively, of which \$825 and \$16,249, respectively, are included with in-kind donations and legal fees on the accompanying statements of activities and functional expenses, respectively.

The Foundation leases real estate on the site of the former Pulse nightclub on which it constructed an interim memorial in use during the years ended December 31, 2020 and 2019 (see Note 8). The underlying property is owned by two limited liability companies whose owners include the Foundation's executive director and another family member. Lease terms provide for a nominal lease payment and lessee's obligation to pay applicable taxes and insurance over a two-year term expiring January 31, 2022. The fair rental value of the property exceeds the amount described in the lease. Accordingly, the Foundation treats the excess of fair value for the use of the property as an in-kind donation management estimates to be approximately \$29,000 (based on 14,500 square feet of land at \$2 per foot for the twelve months of the year it occupied the property). The in-kind donation is offset in the financial statements as rent included in occupancy costs.

Trustees and other Foundations with whom they are affiliated contributed \$205,294 and \$123,426 to the Foundation during the years ended December 31, 2020 and 2019, respectively.

The Foundation received in-kind design services related to an office relocation during 2019 from an engineering and architectural firm for which a board member serves as an executive. Design services provided totaled \$62,690 and are included with in-kind donations and office expense on the accompanying statements of activities and functional expenses, respectively.



**onePULSE Foundation, Inc.**  
**Notes to Financial Statements**  
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**11. COMMITMENTS AND CONTINGENCIES**

**Concentrations of Credit Risk**

Financial instruments which potentially expose the Foundation to concentrations of credit risk consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"), grants, and unconditional promises to give. Management evaluates the financial stability of its depositories and considers the risk of loss to be remote. At times during the years ended December 31, 2020 and 2019, cash balances exceeded FDIC insurance limits; however, the Foundation has experienced no losses to date. Grants receivable are from governmental entities, and unconditional promises to give are primarily from large medical institutions and foundations. Management considers the risk of loss to be remote.

**Revenue and Support**

The Foundation receives substantially all of its revenue and support through state and local grants, as well as contributions from foundations, businesses, and individuals. During 2020, the Foundation received 35% and 20% of its total support from two contributors. During 2019, the Foundation received approximately 50% and 14% of its total support from two contributors.

The Foundation operates a major portion of its program activity from the Pulse Interim Memorial, which it expects to replace by acquiring and developing a new site for construction of a permanent National Memorial, museum and education center, which will be located approximately one-third of a mile from Pulse, and Orlando Health Survivors Walk. The Foundation has set a \$45 million fundraising goal for the project. Meeting its goal and other operating needs is contingent upon the success of future fundraising endeavors.

**12. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

The Foundation's financial assets available within one year of the financial position date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,175,294	\$ 482,308
Grants receivable	342,933	75,000
Short-term unconditional promises to give	<u>596,441</u>	<u>1,113,883</u>
Total financial assets available within one year	2,114,668	1,671,191
Less: Amounts unavailable for general expenditures within one year due to		
Donor restrictions	(811,626)	(1,094,586)
Board designated for specific purposes	<u>(25,494)</u>	<u>(25,327)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,277,548</u>	<u>\$ 551,278</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

**onePULSE Foundation, Inc.**  
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**13. PAYCHECK PROTECTION PROGRAM LOAN**

On April 15, 2020, the Foundation obtained an unsecured promissory note ("PPP Loan") in the amount of \$166,500 through programs established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan was guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Foundation was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within a defined period, and otherwise satisfied PPP requirements. On November 10, 2020, the Foundation was informed that its application for forgiveness of \$156,500 of the PPP Loan was approved, and received notification of forgiveness of the remaining \$10,000 on February 12, 2021. Accordingly, the Company recorded the forgiveness of debt in the amount of \$166,500 which is included in grant revenue on the accompanying statement of activities.