

Pablove Foundation, Inc.
Audited Financial Statements
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December 31, 2020

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Independent Auditor’s Report

Board of Directors
Pablove Foundation, Inc.
Los Angeles, California

We have audited the accompanying financial statements of Pablove Foundation, Inc., a nonprofit organization, which comprise the statements 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 audit 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 of 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.

Board of Directors
Pablove 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 the Pablove Foundation, Inc. as of December 31, 2020, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

DRAFT

Los Angeles, California
June 10, 2021

Pablove Foundation, Inc.
Statement of Financial Position
December 31, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 753,524
Restricted cash	178,435
Contributions receivable, net—Note 4	175,412
Investments—Note 5	1,710,918
Prepaid expenses	8,300

Total Current Assets	2,826,589
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Noncurrent Assets

Contributions receivable, net—Note 4	180,811
Deposits	8,800
Furniture and equipment, net of accumulated depreciation of \$66,586	7,774

Total Noncurrent Assets	197,385
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Total Assets	\$ 3,023,974
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Liabilities and Net Assets

Current Liabilities

Grants payable—Note 6	\$ 50,000
Accounts payable and accrued expenses	36,848

Total Liabilities	86,848
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Net Assets

Without donor restrictions	2,402,468
With donor restrictions—Note 7	534,658

Total Net Assets	2,937,126
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Total Liabilities and Net Assets	\$ 3,023,974
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See notes to the financial statements.

Pablove Foundation, Inc.
Statement of Activities
Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Revenue, Support, and Other Income			
Contributions	\$ 811,209	\$ 134,354	\$ 945,563
PPP grant—Note 8	244,130		244,130
In-kind contributions—Note 9	33,584		33,584
Interest and dividends	40,829		40,829
Other income	14,662		14,662
Special events			
Gross revenue	287,435		287,435
Less cost of direct benefits to donors	(217,301)		(217,301)
Special Events, Net	<u>70,134</u>		<u>70,134</u>
Total Revenue, Support, and Other Income Before Reclassifications	1,214,548	134,354	1,348,902
Net assets released from restrictions	232,467	(232,467)	
Total Revenue, Support, Other Income, and Reclassifications	1,447,015	(98,113)	1,348,902
Expenses			
Program services			
Research	582,171		582,171
Shutterbugs	408,794		408,794
Total Program Expenses	<u>990,965</u>		<u>990,965</u>
General and administrative	339,149		339,149
Fundraising	281,736		281,736
Total Expenses	<u>1,611,850</u>		<u>1,611,850</u>
Change in Net Assets From Operations	(164,835)	(98,113)	(262,948)
Nonoperating Activities			
Loss on sales of works of art—Note 10	(168,215)		(168,215)
Rental income	6,600		6,600
Investment return, net	11,071		11,071
Total Nonoperating Activities	<u>(150,544)</u>		<u>(150,544)</u>
Change in Net Assets	(315,379)	(98,113)	(413,492)
Net Assets at Beginning of Year	<u>2,717,847</u>	<u>632,771</u>	<u>3,350,618</u>
Net Assets at End of Year	<u><u>\$ 2,402,468</u></u>	<u><u>\$ 534,658</u></u>	<u><u>\$ 2,937,126</u></u>

See notes to financial statements.

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

	Program Services			General and Admin- istrative	Fundraising	Special Events	Total
	Research	Shutterbugs	Total Program Services				
Salaries	\$ 245,977	\$ 256,117	\$ 502,094	\$ 109,845	\$ 130,255	\$	\$ 742,194
Payroll taxes	15,971	16,629	32,600	9,630	22,840		65,070
Other employee benefits	11,838	12,326	24,164	7,138	16,929		48,231
Total Personnel Expenses	273,786	285,072	558,858	126,613	170,024		855,495
Advertising/promotion		500	500	1,673			2,173
Bank charges				4,675	10,863		15,538
Cost of direct benefit to donors						217,301	217,301
Depreciation				745			745
Dues and subscriptions	5,720	3,306	9,026	27,830	3,968		40,824
Grants made	262,500		262,500				262,500
Information technology	280	560	840	14,300	140		15,280
Insurance	3,253	3,387	6,640	1,961	4,651		13,252
Meals		341	341	500	688		1,529
Occupancy	26,770	27,874	54,644	25,658	32,364		112,666
Office expense		180	180	960	15		1,155
Parking and mileage		29	29	1,005	10		1,044
Postage	96	6,090	6,186	1,228	2,685		10,099
Printing		3,571	3,571	4,466	1,361		9,398
Professional fees	500	41,581	42,081	113,375	25,959		181,415
Supplies and equipment	4,277	30,867	35,144	7,570	19,894		62,608
Telephone	4,747	4,942	9,689	2,862	6,788		19,339
Travel	242	494	736	3,728	2,326		6,790
Total Expenses by Function	582,171	408,794	990,965	339,149	281,736	217,301	1,829,151
Less expenses included with revenues on the statement of activities							
Cost of direct benefits to donors						(217,301)	(217,301)
Total Expenses	\$ 582,171	\$ 408,794	\$ 990,965	\$ 339,149	\$ 281,736	\$	\$ 1,611,850

See notes to financial statements.

Pablove Foundation, Inc.
Statement of Cash Flows
Year Ended December 31, 2020

Cash Flows from Operating Activities	
Change in net assets	\$ (413,492)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Loss on sales of works of art	168,215
Depreciation	745
Investment gains	(21,003)
Changes in operating assets and liabilities:	
Contributions receivable	120,380
Prepaid expenses	6,392
Grants payable	(46,250)
Accounts payable and accrued expenses	(43,251)
	<hr/>
Net Cash Used in Operating Activities	(228,264)
Cash Flows from Investing Activities	
Proceeds from sales of works of art	10,585
Proceeds from sale and maturities of investments	918,000
Purchases of investments	(436,155)
	<hr/>
Net Cash Provided by Investing Activities	492,430
Increase in Cash, Cash Equivalents, and Restricted Cash	264,166
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<hr/> 667,793
Cash, Cash Equivalents, and Restricted Cash at End of Year	<hr/> \$ 931,959 <hr/>
Supplemental Disclosures	
Income taxes paid	<hr/> \$
Interest paid	<hr/> \$ <hr/>

See notes to financial statements.

Pablove Foundation, Inc.
Notes to Financial Statements
December 31, 2020

Note 1—Organization

The Pablove Foundation, Inc. (Pablove) is a California nonprofit organization, founded in 2009 for the purpose of investing in underfunded, cutting-edge pediatric cancer research, and to improve the lives of children living with cancer through the arts.

Powered by Pablove (Research)—Pablove’s Powered by Pablove childhood cancer research grants program is focused on awarding \$50,000 seed grants to promising, early-career investigators, enabling them to discover and apply novel approaches to care, widely distribute their findings and gain substantially greater funding for larger, more intense research projects and programs. This strategy has been remarkably successful in providing a foundation for exceptionally valuable scientific breakthroughs in both scientific and clinical knowledge. Pablove’s dream is to ensure that no brilliant, promising scientist goes unfunded in the initial phase of research needed to advance from bench to bedside. Children everywhere are in need and are waiting for the innovative treatment options and cures their research provides.

In 2020, Pablove awarded five (5) Powered by Pablove seed grants to investigators across the globe. Pablove’s research is conducted in prestigious institutions including: August Pi i Sunyer Biomedical Research Institute, Barcelona Spain; University of Texas MD Anderson Cancer Center, Houston TX; and Children’s Hospital Medical Center, Cincinnati OH to name just a few. Each project is focused on a different rare pediatric cancer, including Acute Myeloid Leukemia, Osteosarcoma, and Opsoclonus-myoeloclonus syndrome. Despite the ongoing pandemic, the Pablove Board of directors strongly believe in the need to support these cutting-edge initiatives to reveal stunning new pathways toward better treatments and ultimately cures for these challenging, often devastating, pediatric cancers.

Pablove Shutterbugs—Pablove Shutterbugs is a participatory healing arts education program that lets kids just be kids, while they find their creative voices through photography. 2020 began with the Pablove Shutterbugs Program located in seven cities and six states across the country: Los Angeles and San Francisco Bay Area (CA), Seattle (WA), Boston (MA), New York (NY), Houston (TX), and New Orleans (LA). Pablove offers a photography curriculum with an introductory class, an all-cost-paid summer camp for children and teens living with cancer, and an advanced class, where, students learn to work with photography as a means to advocate for cancer research and explore their identity while living with cancer. Pablove has been able to gather remarkable resources to support this mission by partnering with art institutions such as The Museum of Modern Art (MoMA) in New York City, The Huntington Library, Art Museum and Botanical Gardens in Los Angeles, and Sawyer Yards in Houston. Our students find respite from the difficult routine of treatment while they focus on a fun new activity: learning about photography. Every Pablove Shutterbugs course culminates in a graduation and yearly student gallery show at a professional gallery space to celebrate our young photographers. All print sales at Pablove’s gallery shows directly support the Powered by Pablove research grants program. With the pandemic, of course, 2020 unfolded differently for our in-person programs. As soon as stay-at-home orders went into effect, Pablove halted all live Shutterbugs activities and has worked remotely since then. But it hasn’t all been bad.

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 1—Organization—Continued

The necessary isolation of the pandemic inspired profound creativity to keep the Pablove Shutterbugs arts education program serving our kids and even serving them better. Pablove quickly pivoted and embraced the rapidly expanding virtual world of programming and education. We knew our Shutterbugs community was even hungrier for social interaction, so Pablove created three virtual Shutterbugs classes for alumni students from across the country. This was the very first time the Pablove Shutterbugs program was presented virtually. By fall Pablove offered a full roster of introductory classes, delighting 159 students (incl. spring + summer classes) recruited from our seven Shutterbugs program cities. Pablove had contemplated a virtual Shutterbugs offering for years, and now we are rocking it! Most exciting is that by engaging students effectively in a virtual learning environment, we can significantly expand the Pablove Shutterbugs program to reach any children and teens living with cancer, anywhere, including kids who cannot leave the hospital for in-person classes.

It is easy to see the joy that our programs bring to our Pablove kids. Moreover, we are committed to making a real difference in the quality of life (QOL) of our kids. We developed and executed a comprehensive scientific evaluation initiative for the Shutterbugs program. By adopting a widely applied and validated QOL assessment we found that by the end of the Shutterbugs Program, scores for both the younger children and teens, showed statistically significant gains in QOL. This is a profoundly important validation of the positive effect that our Shutterbugs activities have for the kids we serve, and Pablove will continue to monitor and evaluate the QOL benefits of our courses in order to continuously improve and optimize our programs to further increase QOL benefits.

We are proud to have finished out 2020 with many successes and with no staff layoffs despite massive disruption of our core services, administrative model, and donor programs. Through it, Pablove has become stronger and developed virtual expertise across the board, including fundraising. Much of what we learned will make the Pablove Foundation better in 2021 and beyond. We are moving ahead, well positioned for further positive mission-centric impact and growth.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Pablove’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of Pablove and changes therein are presented and reported as follows:

Net Assets Without Donor Restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of Pablove. These net assets may be used at the discretion of Pablove’s management and the board of directors.

Net Assets With Donor Restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of Pablove and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally,

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

the donors of such assets permit Pablove to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of Pablove to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Recently Adopted Accounting Principles

Restricted Cash—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities are required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. Pablove has adopted ASU No. 2016-18 for the year ended December 31, 2020, and has adjusted the presentation of the financial statements accordingly.

Contributions—In June 2018, FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies and improves the scope of the accounting guidance for contributions received and contributions made. The clarifications and improved scope assist entities in 1) evaluating whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions, and 2) determining whether a contribution is conditional. The clarified guidance applies to all entities that receive or make contributions (grants). ASU No. 2018-08 has been adopted by Pablove for the year ended December 31, 2020. Pablove has determined that adopting ASU No. 2018-08 has had no material effect on the financial statements.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of Pablove's childhood cancer research funding and Shutterbugs program, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Income Taxes—Pablove is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, Pablove is not a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘*more likely than not*’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2020. Generally, Pablove’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash, Cash Equivalents, and Restricted Cash—Pablove considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Restricted cash represents cash held in a separate account specifically for activities under Pablove’s OMS program. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement the statement of financial position to the cash, cash equivalents, and restricted cash total shown in the statement of cash flows at December 31, 2020.

Cash and cash equivalents	\$	753,524
Restricted cash		178,435
	Total	\$ 931,959

Investments—Investments are valued at fair market value and investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses are reported as increases or decreases in the appropriate net asset category.

Furniture and Equipment—Furniture and equipment are capitalized if there is a useful life greater than one year and the cost is above a minimum threshold established by management of \$1,000. Furniture and equipment are valued at cost or the fair market at the date of donation. Pablove provides for depreciation and amortization of furniture and equipment on a straight-line basis over the estimated useful lives of five years.

Concentration of Credit Risk—Financial instruments which potentially subject Pablove to concentrations of credit risk consist of cash and cash equivalents, investments, and contributions receivable. Pablove places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution.

Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000. At times, in the normal course of business, such balances are in excess of the FDIC/SIPC insurance limits, but management deems the risk of loss due to these concentrations to be minimal.

Pablove Foundation, Inc.

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Conservative estimate guidelines established by the Board of Directors govern Pablove’s investments in securities to achieve diversification of the portfolio.

Contributions receivable consists of balances from local foundations. Pablove has determined that no allowance for potential losses due to uncollectible receivables is necessary at December 31, 2020.

Contributions—Contributions with and without donor restrictions are recorded in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes, other employee benefits, advertising/promotion, bank charges, depreciation, dues and subscriptions, information technology, insurance, meals, occupancy, office expense, parking and mileage, postage, printing, professional fees, supplies and equipment, telephone, and travel are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to programs.

Note 3—Availability and Liquidity

Pablove’s goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$1.3 million dollars). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

The following represents the availability and liquidity of Pablove’s financial assets at December 31, 2020 to cover operating expenses for the next fiscal year:

Financial assets	
Cash and cash equivalents	\$ 753,524
Contributions receivable, net	175,412
Investments	<u>1,710,918</u>
Current Availability of Financial Assets	<u><u>\$ 2,639,854</u></u>

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 4—Contributions Receivable, Net

Net contributions receivable consist of the following at December 31, 2020:

Receivable due in less than one year	\$	175,412
Receivable due in one to three years		208,002
	Gross	383,414
Less present value discount		(27,191)
	Net	\$ 356,223

Note 5—Fair Value Measurements

In determining the fair value of investments, Pablove utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Pablove determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. Pablove held no Level 3 assets at December 31, 2020.

Pablove utilizes a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by Pablove to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Pablove held no such assets at December 31, 2020.

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 5—Fair Value Measurements—Continued

Fair values of assets and liabilities measured on a recurring basis at December 31, 2020 are determined as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Investments			
Exchange traded funds	\$ 569,612	\$ 569,612	\$
Mutual funds	679,976	679,976	
Fixed income securities	461,330		461,330
Totals	<u>\$ 1,710,918</u>	<u>\$ 1,249,588</u>	<u>\$ 461,330</u>

Net investment return for the year ended December 31, 2019 consists of the following:

Unrealized gain on investments	\$ 20,252
Realized gain on investments	751
Investment management fees	(9,932)
Investment Return, Net	<u>11,071</u>
Investment interest and dividends	40,829
Total Return on Investments	<u>\$ 51,900</u>

Note 6—Grants Payable

Grants payable at December 31, 2020 consist of grants approved by Pablove to various domestic and foreign research institutions.

Note 7—Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2020:

Subject to purpose restrictions:	
OMS Fund	\$ 178,435
Subject to time restrictions:	
Contributions receivable	356,223
Total Net Assets With Donor Restrictions	<u>\$ 534,658</u>

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 7—Net Assets with Donor Restrictions—Continued

Net assets released from donor restrictions for the year ended December 31, 2020 are as follows:

Satisfaction of purpose restrictions:	
OMS Fund	\$ 35,785
Research	8,288
	<hr/>
Total Satisfaction of Purpose Restrictions	44,073
Satisfaction of passage of time:	
Contributions receivable	188,394
	<hr/>
Total Net Assets Released from Donor Restrictions	\$ 232,467

Note 8—PPP Grant

On April 22, 2020, Pablove received \$244,130 in Paycheck Protection Program (PPP) funding from the U.S. Small Business Administration (SBA). The funding is designed to provide a direct incentive for small businesses struggling from the impact of the COVID-19 pandemic (see Note 13) to keep their workers on the payroll. As of December 31, 2020, Pablove has determined that it has met the requirements for forgiveness and has recorded grant income of \$244,130 in the statement of activities for the year ended December 31, 2020. Official forgiveness from the SBA was received on June 9, 2021.

Note 9—In-Kind Contributions

In-kind contributions are recorded at fair value at the date of donation only if the services (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.

In-kind contributions include contributions of occupancy, professional fees, and supplies and equipment used in operations of programs and other activities. The estimated fair market value of these expenses for the year ended December 31, 2020 is captioned in the statement of functional expenses as follows:

Occupancy	\$ 3,396
Professional fees	10,500
Supplies and equipment	19,688
	<hr/>
	\$ 33,584

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 10—Works of Art

During the year ended December 31, 2016, Pablove received contributions of fine art which totaled \$290,340. The fair values of these works of art were determined by a third-party insurance agency. During the year ended December 31, 2020, Pablove sold artwork valued at \$121,000 for a cash price of \$10,585. The remaining amount of artwork valued at \$57,800 was written down entirely at December 31, 2020.

Note 11—Commitments

Pablove signed a new lease agreement in June 2018 for a term of three years, commencing on January 1, 2019 and terminating on December 31, 2021. The base rent for the initial year of the lease was \$9,300 per month. In November 2020, Pablove signed an addendum allowing for a discounted rental rate of \$8,300 per month in response to the pandemic described in Note 13. The lease offers two 1-year options to extend the lease, commencing initially on January 1, 2022 and ending December 31, 2022, and commencing on January 1, 2023 and ending December 31, 2023. Future minimum payments under this lease are as follows:

Year Ending December 31,

2021

\$ 99,600

Total \$ 99,600

Note 12—Retirement Benefits

Pablove has established a defined contribution plan (Plan) whereby all employees with three consecutive months of service to Pablove may contribute to the Plan. Pablove made employer contributions totaling \$4,164 to the Plan during the year ended December 31, 2020.

Note 13—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Pablove has continued to conduct its art programs and grantmaking activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on Pablove, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

Pablove Foundation, Inc.

Notes to Financial Statements—Continued

Note 14—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021, with early adoption permitted. Pablove is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity’s policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. Pablove is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 15—Subsequent Events

Management evaluated all activities of Pablove Foundation, Inc. through June 10, 2021, which is the date the financial statements were available to be issued, and concluded that other than the forgiveness of the PPP advance discussed in Note 8, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.