

**SEAL FUTURE FOUNDATION, INC.**  
*(A Nonprofit Corporation)*

***FINANCIAL REPORT***

**December 31, 2021**  
**(With Comparative Totals for 2020)**

## **C O N T E N T S**

	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position	3
Statement of activities	4
Statement of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7-11



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
**Seal Future Foundation, Inc.**  
(A Nonprofit Corporation)

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Seal Future Foundation, Inc.** (A Nonprofit Corporation) 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 present fairly, in all material respects, the financial position of Seal Future Foundation, Inc. as of December 31, 2021, and changes in its net assets and cash flows for the year then ended in conformity 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Seal Future 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 these 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### Auditors' 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 Auditors' 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 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.

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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 the Organization'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 the Organization'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**

Other auditors previously audited the Seal Future Foundation, Inc. financial statements as of December 31, 2020, and whose report dated October 7, 2021 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bowman & Company, LP

Stockton, California  
April 07, 2023

**SEAL FUTURE FOUNDATION, INC.**  
**(A Nonprofit Corporation)**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2021 and 2020

<b>ASSETS</b>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,223,790	\$ 516,538
Supplies	23,963	46,399
Prepaid expenses and other assets	3,118	6,315
Total current assets	<u>2,250,871</u>	<u>569,252</u>
<b>PROPERTY AND EQUIPMENT, at cost</b>		
Equipment	5,979	39,490
Software	20,200	20,200
Furniture and fixtures	1,644	--
	<u>27,823</u>	<u>59,690</u>
Less accumulated depreciation	(23,596)	(22,275)
Total property and equipment, net	<u>4,227</u>	<u>37,415</u>
<b>OTHER ASSETS</b>		
Security deposits	550	--
Total assets	<u>\$ 2,255,648</u>	<u>\$ 606,667</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 34,170	\$ 20,977
PPP loan payable	--	33,069
Total current liabilities	<u>34,170</u>	<u>54,046</u>
<b>NET ASSETS</b>		
Without donor restrictions	<u>2,221,478</u>	<u>552,621</u>
Total liabilities and net assets	<u>\$ 2,255,648</u>	<u>\$ 606,667</u>

**SEAL FUTURE FOUNDATION, INC.**  
**(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

(With Comparative Totals for 2020)

	Year Ended December 31, 2021			2020 Total
	Without donor restrictions	With donor restrictions	Total	
<b>SUPPORT AND REVENUE</b>				
Support				
Donations	\$ 1,058,476	\$ --	\$ 1,058,476	\$ 887,214
Grant	--	--	--	2,000
Special events, net of expenses of \$292,986 and \$35,813, respectively.	2,477,457	--	2,477,457	262,938
In-kind contributions	8,183	--	8,183	81,727
Debt forgiveness	66,632	--	66,632	--
Total support	3,610,748	--	3,610,748	1,233,879
Revenue				
Merchandise income, net of costs	23,956	--	23,956	106,734
Investment income (loss), net	437	--	437	50
Total revenue	24,393	--	24,393	106,784
Total support and revenue	3,635,141	--	3,635,141	1,340,663
<b>EXPENSES</b>				
Program services	1,799,116	--	1,799,116	737,114
Management and general	127,011	--	127,011	241,346
Fundraising	40,157	--	40,157	180,111
Total expenses	1,966,284	--	1,966,284	1,158,571
Total support and revenue	3,635,141	--	3,635,141	1,340,663
<b>CHANGES IN NET ASSETS</b>	1,668,857	--	1,668,857	182,092
<b>NET ASSETS, beginning</b>	552,621	--	552,621	370,529
<b>NET ASSETS, ending</b>	\$ 2,221,478	\$ --	\$ 2,221,478	\$ 552,621

See Notes to Financial Statements.

**SEAL FUTURE FOUNDATION, INC.**  
**(A Nonprofit Corporation)**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)

	Year Ended December 31, 2021				
	Supporting Services				
	Program Services	Management and General	Fundraising	Total Expenses	2020 Total Expenses
Support services	\$ 998,861	\$ --	\$ --	\$ 998,861	\$ 630,032
Salaries and wages	567,752	94,049	29,736	691,537	296,887
Professional fees	48,654	8,059	2,548	59,261	47,028
Office expenses	77,769	7,331	2,318	87,418	43,167
Payroll taxes	43,251	7,164	2,265	52,680	24,325
Consultant services	13,339	2,210	699	16,248	53,335
Promotion	12,569	2,082	658	15,309	14,501
Information technology	11,325	1,876	593	13,794	12,428
Insurance	9,377	1,553	491	11,421	6,542
Occupancy	7,660	1,269	401	9,330	9,501
Travel	7,072	1,171	370	8,613	19,652
Depreciation	1,084	180	57	1,321	1,173
Interest expense	403	67	21	491	--
<b>TOTAL UNRESTRICTED EXPENSES</b>	<b>\$ 1,799,116</b>	<b>\$ 127,011</b>	<b>\$ 40,157</b>	<b>\$ 1,966,284</b>	<b>\$ 1,158,571</b>

**SEAL FUTURE FOUNDATION, INC.**  
**(A Nonprofit Corporation)**

**STATEMENTS OF CASH FLOWS**

December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,668,857	\$ 182,092
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,321	1,173
Debt forgiveness	(66,138)	--
Valuation allowance on donated artwork	22,436	--
(Increase) decrease in:		
Accounts receivable	--	40,100
Supplies	33,511	1,174
Prepaid expenses and other assets	3,197	4,160
Security deposits	(550)	--
(Decrease) increase in:		
Accounts payable and accrued liabilities	13,193	(13,982)
Net cash provided by (used in) operating activities	<u>1,675,827</u>	<u>214,717</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,644)	--
Net cash provided by (used in) investing activities	<u>(1,644)</u>	<u>--</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP loan	33,069	33,069
Net cash provided by (used in) financing activities	<u>33,069</u>	<u>33,069</u>
Increase (decrease) in cash and cash equivalents	1,707,252	247,786
Cash and cash equivalents, beginning of year	<u>516,538</u>	<u>268,752</u>
Cash and cash equivalents, end of year	<u>\$ 2,223,790</u>	<u>\$ 516,538</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON CASH FINANCING ACTIVITIES:</b>	<u>\$ 33,069</u>	<u>\$ --</u>



**SEAL FUTURE FOUNDATION, INC.**  
**(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies**

Nature of Organization:

The Seal Future Foundation, Inc. (the Organization) is a California nonprofit corporation. The Organization was formed to provide Navy SEALs a foundation that supports their well-being, education and career to continue a life of service within their communities.

*Nature of Activities*

The following expense categories are included in the accompanying financial statements:

Program services:

Expenses directly related to managing and operating the Organization, including the cost of providing services such as; counseling, shelter assistance, and legal services to victims of domestic violence, sexual assault, and or domestic abuse.

Management and general:

Support services include direct business management salaries and related expenses, and indirect allocations of other expenses identified that include a component of general administration.

Fundraising:

Support services include expenses related to the Organization's fund-raising efforts to continue providing the structure necessary to encourage and secure public financial support. Fund-raising also includes the costs of obtaining sponsors for programs and program series.

A summary of significant accounting policies applied in the preparation of the financial statements follows:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation:

The Organization is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**SEAL FUTURE FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies (Cont.)**

Basis of Presentation (Cont.):

*Net Assets without Donor Restrictions*

Net assets without donor restrictions are those net assets presently available for use by the Organization at the discretion of the Board of Directors. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board designated operating net assets without donor restrictions.

*Net Assets with Donor Restrictions*

Donor restricted assets are subject to stipulations imposed by donors and federal, state, and county grants that can be fulfilled by actions of the Organization or that expire by the passage of time. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of December 31, 2021, the Organization had no net assets with donor restrictions.

Cash and Cash Equivalents:

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Organization periodically maintains cash on deposit at a bank in excess of Federal Deposit Insurance Corporation limit. The Organization has not experienced any losses in such accounts.

Inventory:

Inventory is stated at the lower of cost or market, with costs principally determined under the first-in-first out (FIFO) method or average cost method. Inventory consists of merchandise for fundraising events and online shop.

Property and Equipment:

Property and equipment are stated at cost. Depreciation is determined using the straight-line method over the estimated useful lives ranging from 5 to 27.5 years. It is the policy of the Organization to capitalize any addition in excess of \$500.

Maintenance and repairs are charged as incurred. Estimated useful lives of the assets are as follow:

Equipment	5-10 years
Software	5 years
Furniture and fixtures	5-10 years

**SEAL FUTURE FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies (Cont.)**

Property and Equipment (Cont.):

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the property may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying value amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. During the year ended December 31, 2021, there were no impairment losses recognized.

Fair Value of Financial Instruments:

The carrying amount of financial instruments, including cash and cash equivalents, and accounts payable and accrued liabilities approximate their value due to the short-term maturities of these instruments.

Revenue Recognition:

All support is considered available for unrestricted use unless specifically restricted by donor in accordance with ASC Topic 958-605. Support and unconditional contributions are recognized immediately and classified as either net assets with donor restrictions or net assets without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of restrictions on net assets with donor restrictions. Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions.

All other revenue is recognized when earned based on an exchange of goods and/or services in accordance with ASC Topic 606. Amounts not earned during the reporting period are recognized as deferred revenue.

Donated goods and services:

All assets donated to the Organization are recorded at fair market value at the date of the gift and may be sold to outside parties or used by the Organization. If sold to an outside party, the gain or loss over the amount recorded at the time of the contribution is recognized in the year of the sale.

A substantial number of volunteers have donated time to the Organization's program services during the year; however, these donated services are not reflected in the financial statements as the services provided do not meet the definition for recognition as a contribution. Donated professional services, including accounting and legal services, are reflected in the statement of activities at their fair value.

**SEAL FUTURE FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Nature of Organization and Significant Accounting Policies (Cont.)**

Allocation of Expenses:

The Organization allocates its expenses on a functional basis among its various program and support services. Expenses which can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on budget allocations or estimates made by the Organization's management based on time and effort.

Income Tax Status:

The Organization has been granted tax-exempt status by the Internal Revenue Service under IRC Section 501(c)(3) and Section 402 of the Not-For-Profit Corporation Law of the State of New York. The Organization is classified by the Internal Revenue Service as an other-than-private foundation. Accordingly, no provision for federal or state income taxes is made in the accompanying financial statements. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they were filed.

Estimates:

The preparation 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Comparative Financial Statements:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Subsequent Events:

Management has evaluated subsequent events through April 07, 2023, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these financial statements.

**SEAL FUTURE FOUNDATION, INC.**  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Availability and Liquidity**

The Organization considers all expenditures related to its ongoing program services and supporting services to be general expenditures.

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

Financial assets at year end:

Cash and cash equivalents	\$ <u>2,223,790</u>
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Financial assets available to meet general expenditures over the next twelve months	\$ <u>2,223,790</u>
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The Organization's goal is generally to maintain financial assets to meet 31 days of operating expenses (approximately \$150,000). The Organization has various sources of liquidity at its disposal, including cash and cash equivalents.

**Note 3. PPP Loan Payable**

In March 2021 and May 2020, the Organization received loan proceeds in the amount of \$33,069 and \$33,069, respectively, under the Paycheck Protection Program ("PPP"), established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loans accrued interest at an interest rate of 1% was forgivable if the proceeds were used for eligible purposes. Eligible purposes included payroll costs, group health care benefits cost, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization used the entire loan proceeds for qualifying expenses. During the year ended December 31, 2021, the Organization received approval for forgiveness of debt and interest for both loans from the Bank and the Small Business Administration. The Organization recognized debt and interest forgiveness in the amount of \$66,632 included in debt forgiveness on the statement of activities for the year ended December 31, 2021.

**Note 4. Lease Commitments**

The Organization rents office space under operating leases, requiring monthly payments of \$589 through July 2022. For the year ended December 31, 2021, total rental expense for all operating leases was \$9,330.

**Note 5. Related Party**

The Organization receives contributions from key employees and board members that help support the organization. During the year ended December 31, 2021, the Organization received contributions of \$2,100 from key employees and board members.