

SEAL FUTURE FOUNDATION, INC.
(A Nonprofit Corporation)

FINANCIAL REPORT

December 31, 2023
(With Comparative Totals for 2022)

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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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seal Future Foundation, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the 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

We have previously audited the Seal Future Foundation, Inc. December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Bowman & Company, LLP

Stockton, California
August 15, 2024

SEAL FUTURE FOUNDATION, INC.
(A Nonprofit Corporation)

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,847,245	\$ 1,345,123
Accounts receivable	30,400	173,150
Supplies	5,522	34,441
Prepaid expenses and other assets	55,921	2,633
Total current assets	<u>1,939,088</u>	<u>1,555,347</u>
PROPERTY AND EQUIPMENT, at cost		
Equipment	--	5,979
Software	20,200	20,200
Furniture and fixtures	2,989	2,989
	<u>23,189</u>	<u>29,168</u>
	(21,408)	(25,255)
Total property and equipment, net	<u>1,781</u>	<u>3,913</u>
OTHER ASSETS		
Security deposits	--	550
Total assets	<u>\$ 1,940,869</u>	<u>\$ 1,559,810</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 158,765	\$ 146,668
Total current liabilities	<u>158,765</u>	<u>146,668</u>
NET ASSETS		
Without donor restrictions	1,517,104	1,413,142
With donor restrictions	265,000	--
Total net assets	<u>1,782,104</u>	<u>1,413,142</u>
Total liabilities and net assets	<u>\$ 1,940,869</u>	<u>\$ 1,559,810</u>

SEAL FUTURE FOUNDATION, INC.
(A Nonprofit Corporation)

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023
(With Comparative Totals for 2022)

	Year Ended December 31, 2023			2022 Total
	Without donor restrictions	With donor restrictions	Total	
SUPPORT AND REVENUE				
Support				
Donations	\$ 1,549,703	\$ 265,000	\$ 1,814,703	\$ 1,088,165
Special events, net of expenses of \$1,209,453 and \$640,096, respectively	1,815,531	--	1,815,531	1,408,197
Total support	3,365,234	265,000	3,630,234	2,496,362
Revenue				
Investment income (loss), net	219	--	219	237
Merchandise income	1,996	--	1,996	1,411
Gain/(loss) on disposal of assets	(339)	--	(339)	--
Total revenue	1,876	--	1,876	1,648
Total support and revenue	3,367,110	265,000	3,632,110	2,498,010
EXPENSES				
Program services	2,259,901	--	2,259,901	2,797,227
Management and general	637,879	--	637,879	411,790
Fundraising	365,368	--	365,368	97,329
Total expenses	3,263,148	--	3,263,148	3,306,346
CHANGES IN NET ASSETS	103,962	265,000	368,962	(808,336)
NET ASSETS, beginning	1,413,142	--	1,413,142	2,221,478
NET ASSETS, ending	\$ 1,517,104	\$ 265,000	\$ 1,782,104	\$ 1,413,142

SEAL FUTURE FOUNDATION, INC.
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

(With Comparative Totals for 2022)

	Year Ended December 31, 2023				
		Supporting Services			
	Program Services	Management and General	Fundraising	Total Expenses	2022 Total Expenses
Support services:					
Career and coaching	\$ 119,699	\$ --	\$ --	\$ 119,699	\$ 205,501
Community development	156,469	--	--	156,469	131,614
Education and certifications	107,067	--	--	107,067	193,716
Health support	1,097,124	--	--	1,097,124	1,282,412
Salaries and wages	620,311	276,046	268,705	1,165,062	1,044,931
Professional fees	--	112,356	265,849	378,205	317,320
Travel	47,708	--	174,791	222,499	141,875
Office expenses	--	122,053	58,646	180,699	130,239
Occupancy	8,133	--	192,718	200,851	110,141
Food and beverages	--	--	310,707	310,707	105,645
Payroll taxes	52,317	23,317	22,174	97,808	87,194
Auction /live items	--	--	121,163	121,163	58,740
Supplies	17,996	--	67,437	85,433	51,997
Promotion	--	93,523	14,642	108,165	33,986
Information technology	30,222	--	--	30,222	22,825
Consultant services	--	--	68,535	68,535	15,294
Insurance	1,062	10,584	4,286	15,932	11,353
Depreciation	1,793	--	--	1,793	1,659
Bad debts	--	--	5,168	5,168	--
Total expenses by function	2,259,901	637,879	1,574,821	4,472,601	3,946,442
Less: expenses netted against revenues on the statement of activities					
Direct special event expenses	--	--	(1,209,453)	(1,209,453)	(640,096)
TOTAL UNRESTRICTED EXPENSES	\$ 2,259,901	\$ 637,879	\$ 365,368	\$ 3,263,148	\$ 3,306,346

SEAL FUTURE FOUNDATION, INC.
(A Nonprofit Corporation)

STATEMENTS OF CASH FLOWS

December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 368,962	\$ (808,336)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,793	1,659
(Gain)/loss on disposal of assets	339	--
Bad debt expense	5,168	(10,478)
(Increase) decrease in:		
Accounts receivable	137,582	(173,150)
Supplies	28,919	--
Prepaid expenses and other assets	(53,288)	485
Security deposits	550	--
(Decrease) increase in:		
Accounts payable and accrued liabilities	12,097	112,498
Net cash provided by (used in) operating activities	502,122	(877,322)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	--	(1,345)
Net cash provided by (used in) investing activities	--	(1,345)
Increase (decrease) in cash and cash equivalents	502,122	(878,667)
Cash and cash equivalents, beginning of year	1,345,123	2,223,790
Cash and cash equivalents, end of year	\$ 1,847,245	\$ 1,345,123

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.
(A Nonprofit Corporation)

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.

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.

Accounts Receivable:

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of accounts receivable balances to be fully collected.

Property and Equipment:

Property and equipment are stated at cost. Depreciation is determined using the straight-line method over the estimated useful lives. 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, 2023, 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.
(A Nonprofit Corporation)

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, 2022, from which the summarized information was derived.

Subsequent Events:

Management has evaluated subsequent events through August 15, 2024, 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.
(A Nonprofit Corporation)

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	\$	1,847,245
Accounts receivables		<u>30,400</u>
Total financial assets		<u>1,877,645</u>
Less amounts not available to be used within one year:		
Financial assets with donor restrictions		<u>(265,000)</u>
Total restrictions		<u>(265,000)</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>1,612,645</u></u>

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. Lease Commitments

The Organization rents office space and self-storage under monthly operating agreements, requiring monthly payments ranging from \$238 to \$642. For the year ended December 31, 2023, total rental expenses for all operating leases was \$8,133.

Note 4. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2023:

	Beginning	Additions	Releases	Ending
Specific Purpose				
Stem Cell treatment	\$ - -	\$ <u>265,000</u>	\$ - -	\$ <u><u>265,000</u></u>

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, 2023, the Organization received contributions of \$73,608 from key employees and board members.