



THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Order of Love Peace Truth Tolerance and Cooperation
Splendora, Texas.

Report on the Financial Statements

I have audited the accompanying financial statements of The Order of Love Peace Truth Tolerance and Cooperation (a non-profit Organization), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Order of Love Peace Truth Tolerance and Cooperation as of December 31, 2020, 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.


DAVE. V. JOHN, LLC

Tamarac, Florida
May 12, 2021

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION

STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	44,439
Beneficial interest in trust		<u>11,300,000</u>
Total current assets		<u>11,344,439</u>
Property - net		<u>120,178</u>
Total Assets	\$	<u><u>11,464,617</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	3,032,958
Line of credit		48,000
Current portion of long-term debt		1,663,477
Notes payable - net of current portion		<u>122,890</u>
Total liabilities		<u>4,867,325</u>

NET ASSETS

Without Donor Restrictions		4,206
With Donor Restrictions		<u>6,593,086</u>
Total net assets		<u>6,597,292</u>
Total liabilities and net assets	\$	<u><u>11,464,617</u></u>

The accompanying notes are an integral part of this statement

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
STATEMENT OF ACTIVITIES
FOR THE YEAR BEGINNING JANUARY 1, 2020 TO
THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 246,826	\$ -	\$ 246,826
Beneficial interest in trust	-	6,650,000	6,650,000
Total revenue and other support	<u>246,826</u>	<u>6,650,000</u>	<u>6,896,826</u>
EXPENSES			
Salaries and wages	71,834	-	71,834
Utilities	64,092	-	64,092
General and administrative expense	58,232	56,914	115,146
Rent	24,402	-	24,402
Professional fees	21,903	-	21,903
Insurance	17,619	-	17,619
Depreciation	13,352	-	13,352
Interest expense	7,181	-	7,181
Total Expenses	<u>278,615</u>	<u>56,914</u>	<u>335,529</u>
Change in net assets	(31,789)	6,593,086	6,561,297
Net assets, beginning of year	<u>35,995</u>	<u>-</u>	<u>35,995</u>
Net assets, end of year	<u>\$ 4,206</u>	<u>\$ 6,593,086</u>	<u>\$ 6,597,292</u>

The accompanying notes are an integral part of this statement

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR BEGINNING JANUARY 1, 2020 TO
THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	6,561,297
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		13,352
Beneficial interest in trust		(6,650,000)
Increase in accounts payable		3,032,958
Net cash provided by operating activities		2,957,607

CASH FLOWS FROM INVESTING ACTIVITIES

Improvements		(4,650,000)
Net cash used by investing activities		(4,650,000)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payment		(26,821)
Line of credit		48,000
Loans payable		1,714,200
Net cash provided by financing activities		1,735,379

Net Increase in cash and cash equivalents 42,986

Cash and cash equivalents, beginning of year (January 1, 2020) \$ 1,453

Cash and cash equivalents, end of year (December 31, 2020) \$ 44,439

Supplemental information

Interest expense \$ 7,181

The accompanying notes are an integral part of this statement

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – NATURE OF THE ORGANIZATION

Order of Peace Love Truth Tolerance and Cooperation is headquartered in Splendora, Texas and is 501(c) (3) Organization. The Organization is doing the work of mercy which includes medical and hospital care and patient cooperative. To do the calling in the areas and among people who are in need of help.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Order of Love Peace Truth Tolerance and Cooperation are presented to assist in understanding the Organization's financial position and operations. The financial statements and notes are representations of the Organization's management who are responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation –The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions: Net assets that are subject to donor-imposed restrictions. Some donor - imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations - The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Organization. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements.

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Estimates also affect the reported amounts of revenues and gains and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Income Tax - The accompanying financial statements do not include any provisions for income taxes. The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) as a religious Organization. The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements. The Organization has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America. Federal and state tax authorities may generally examine the Organization's income tax positions or (if applicable) returns for periods of approximately three to six years.

Cash and Cash Equivalents - The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Statement of Cash Flows - All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents for purposes of the statement of cash flows. Cash and cash equivalents include the following:

Cash	\$ 44,439
Total	\$ <u>44,439</u>

Impairment of Long-Lived Assets - The Organization adheres to the Property, Plant and Equipment Topic of FASB ASC 360 to account for the impairment of long-lived assets. This statement requires, among other things, that entities identify events or changes in circumstances that indicates that the carrying amount of an asset may not be recoverable. This statement had no effect on the financial statements of the Organization since no assets were considered to be impaired for the year ended December 31, 2020.

Basis of Accounting - The financial statements have been prepared on an accrual basis, in accordance with accounting principles generally accepted in the United States of America.

Property and Equipment – Depreciation - Property and equipment will be stated at cost. Depreciation is computed by using the straight-line method based over the estimated useful lives of the assets as follows:

Building	15-30 Years
Leasehold Improvement	15 Years

Expenditures for major renewals and improvements that are more than \$1,000 and extend the useful life of the property and equipment will be capitalized, while expenditures for maintenance and repairs that do not improve or extend the useful lives of the respective assets are currently expensed.

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Impairment of long-lived assets – The Organization adheres to the Property, Plant and Equipment Topic of FASB ASC 360 to account for the impairment of long-lived assets. This statement requires, among other things, that entities identify events or changes in circumstances that indicates that the carrying amount of an asset may not be recoverable. This statement had no effect on the financial statements of the School since no assets were considered to be impaired for the year ended December 31, 2020.

Credit Risk - Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents. The Organization tries to limit the amount of its credit exposure by placing its cash and cash equivalents with high quality financial institutions. As of December 31, 2020, the Organization had no amount in excess of the FDIC insured amount.

Fair Value Measurement - Under FASB ASC 820, Fair Value Measurements and disclosure (SFAS No.157), Fair value is defined as the exchange price that would be received for an asset or paid to transfer (an exit price) in the principal or most advantageous market for the asset or liability in an order transaction between market participants on the measurement date.

The Organization has determined that there were no material differences between the carrying value and the fair value of its financial assets and liabilities, and therefore, no adjustment for the effect of FASB ASC 820 was made to the Organization' financial statements at December 31, 2020.

Functional Expenses - The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

Donated Services - No amounts have been reflected in the financial statements for donated services, the Organization pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks including assisting the Organization with specific programs and serving on committees. Such donated services have not been quantified and do not meet the criteria for recognition in the financial statements.

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 3 – DATE OF MANAGEMENT REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosures through May 12, 2021, the date that the financial statements were available to be issued.

NOTE 4 – COMMITMENTS AND CONTINGENCIES

The Organization could be party to various legal actions normally associated in the course of its operation, the aggregate effect of which, in management's opinion would not be material to the future financial condition of the Organization.

NOTE 5 – CONCENTRATIONS AND CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations and credit risk, consist principally of cash and cash equivalents. Cash on deposit with three financial institutions at December 31, 2020 was \$44,439 and was insured up to \$250,000 by the U.S Federal Deposit Insurance Corporation. At December 31, 2020, the Organization had no amount in excess of the FDIC insured limit.

NOTE 6 – NON-CURRENT ASSETS

Non-current assets consist of the following as of December 31, 2019:

Land and buildings	\$	200,290
Less: accumulated depreciation		<u>(80,112)</u>
Total	\$	<u>120,178</u>

Depreciation for the year ended December 31, 2020 was approximately \$13,352.

NOTE 7 – ACCOUNTS PAYABLE

Accounts payable consist of the following:

Accounts payable	\$	3,500
Credit cards payable		29,458
Contractors payable		<u>3,000,000</u>
Total		<u>\$ 3,032,958</u>

NOTE 8 – LINE OF CREDIT

The Organization has a line of credit agreement which allows for a maximum borrowing of \$50,000, with an interest rate of 9%. As of December 31, 2020, approximately \$48,000 was outstanding on the line of credit.

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31,2020, comprise the following:

Total financial assets	\$	44,439
Donor-imposed restrictions		<u>(-0-)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>44,439</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE 10 – TRUST BENEFICIAL INTEREST

The Organization is named beneficiary on PPC Hospital Trust which was created on July 19, 2019 for sole purpose of securing the property located at 7525 Scyene Road, Dallas Texas 75227 consisting of 7.32 acres more or less and includes a vacant hospital building of 100,000+ square feet as an office building and paved parking lot. The beneficial interest is reflected at the appraised value of \$11,300,000, which is held in the beneficial trust.

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

Building for a Medical Facility	\$	<u>6,593,086</u>
Total	\$	<u>6,593,086</u>

NOTE 12 – CONTINGENCY

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter in place orders. It is at least reasonably possible that this matter will negatively impact the Organization. However, the financial impact and duration cannot be reasonably estimated at this time.

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 13 – MORTGAGE AND NOTES PAYABLE

Promissory notes, with a ballon payment, due June 30, 2021, but will be extended for another six months with \$82,500 added to the note.	\$ 1,650,000
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Note payables, bank repayable in 36 monthly installments of \$835 at 15.29% interest rate.	16,565
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Note payables, bank repayable in 120 remaining monthly installments of \$909 at 8.14% interest rate.	55,602
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Small Business Administration loans bank, repayable in 360 monthly installments of approximately \$225 at a 3.00% interest rate, with the first payment beginning June 2021.	64,200
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Total	\$1,786,367
Less: current portion	(1,663,477)
Long-term debt	122,890
2021	1,663,477
2022	14,216
2023	6,728
2024	6,826
2025	6,926
Thereafter	88,194
	\$1,786,367

Interest expense for the years ended December 31, 2020 was approximately \$7,181.

NOTE 14 FAIR VALUE MEASUREMENTS

The Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification for financial instruments measured at fair value on a recurring basis. The standard defines the fair value and establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework establishes a three-tier fair value hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to adjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). These tiers include:

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

FAIR VALUE MEASUREMENTS - continued

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant value drivers are observable.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of the observable inputs and minimize the use of unobservable inputs.

We measured certain financial instruments at fair value on a recurring basis. Financial assets measured at fair value on a recurring basis as follows as of December 31, 2020:

Trust Beneficial Interest: The Organization is named beneficiary on a real property are valued at fair values are estimated using directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active.

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

As of December 31, 2020, all financial instruments were either recorded at fair value or the carrying approximated fair value. The carrying amounts reported in the balance sheet for accounts payable and accrued expenses and warehouse lines of credit approximate fair value due to the short-term maturity of these financial instruments.

The following table set forth by level, within the fair value hierarchy, the Organization's fair value.

THE ORDER OF LOVE PEACE TRUTH TOLERANCE AND COOPERATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

FAIR VALUE MEASUREMENTS - continued

<u>Assets</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Trust beneficial trust	\$ 11,300,000	\$ -	\$ 11,300,000	\$ -
	<u>\$ 11,300,000</u>	<u>\$ -</u>	<u>\$ 11,300,000</u>	<u>\$ -</u>

There was no significant transfer between the levels within the fair value hierarchy for the year ended December 31, 2020.

NOTE 15 SUBSEQUENT EVENTS

Under FASB ASC 855, subsequent events are events or transactions that occur after the balance sheet date but before financial statements are issued or ready to be issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements.

The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued.

Management has determined that none of the events occurring after the date of the balance sheet substantially affects the amounts, presentation, and disclosure accompanying financial statements.