



**THE MOTLEY FOOL FOUNDATION**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

**THE MOTLEY FOOL FOUNDATION**

**TABLE OF CONTENTS  
SEPTEMBER 30, 2021**

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	<u>Pages</u>
Independent Auditors' Report.....	3-4
Financial Statements	
Statement of Financial Position .....	5
Statement of Activities.....	6
Statement of Functional Expenses.....	7
Statement of Cash Flows .....	8
Notes to Financial Statements.....	9-13

## Independent Auditors' Report

Board of Trustees  
The Motley Fool Foundation  
Alexandria, Virginia

We have audited the accompanying financial statements of The Motley Fool Foundation (the Foundation), a nonprofit organization, which comprise the statement of financial position as of September 30, 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.

### *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.

### *Auditors' 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 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2021, 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.

Board of Trustees  
The Motley Fool Foundation

***Report on Summarized Comparative Information***

We have previously audited the Foundation's September 30, 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Councilor, Buchanan + Mitchell, P.C.*

Washington, D.C.  
January 18, 2022

Certified Public Accountants

**THE MOTLEY FOOL FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2021**  
**(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2020)**

	2021	2020
<b>Assets</b>		
<b>Assets</b>		
Cash and Cash Equivalents	\$ 854,871	\$ 690,264
Pledges Receivable	333,934	-
Prepaid Expenses	10,265	15,860
Investments	46,374	-
Property and Equipment, Net	44,875	3,583
<b>Total Assets</b>	<b>\$ 1,290,319</b>	<b>\$ 709,707</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 14,583	\$ 14,967
Due to Related Party	40,474	34,000
Total Liabilities	55,057	48,967
<b>Net Assets</b>		
Without Donor Restrictions	901,328	660,740
With Donor Restrictions for Subsequent Activities	333,934	-
Total Net Assets	1,235,262	660,740
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,290,319</b>	<b>\$ 709,707</b>

*See accompanying Notes to Financial Statements.*

**THE MOTLEY FOOL FOUNDATION**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

	<b>2021</b>			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>Revenue</b>				
Contributions	\$ 1,259,275	\$ 333,934	\$ 1,593,209	\$ 1,000,221
Donated Services	217,039	-	217,039	166,831
Net Investment (Loss) Income	(3,787)	-	(3,787)	5,004
<b>Total Revenue</b>	<b>1,472,527</b>	<b>333,934</b>	<b>1,806,461</b>	<b>1,172,056</b>
<b>Expenses</b>				
Programs	23,030	-	23,030	-
General and Administrative	879,781	-	879,781	499,025
Fundraising	329,128	-	329,128	12,291
<b>Total Expenses</b>	<b>1,231,939</b>	<b>-</b>	<b>1,231,939</b>	<b>511,316</b>
Change in Net Assets	240,588	333,934	574,522	660,740
Net Assets, Beginning of Year	660,740	-	660,740	-
<b>Net Assets, End of Year</b>	<b>\$ 901,328</b>	<b>\$ 333,934</b>	<b>\$ 1,235,262</b>	<b>\$ 660,740</b>

*See accompanying Notes to Financial Statements.*

**THE MOTLEY FOOL FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Personnel	\$ 22,927	\$ 481,386	\$ 79,703	\$ 584,016	\$ 349,519
Occupancy	-	45,324	2,531	47,855	13,687
Professional Fees	-	278,194	215,000	493,194	131,020
Other Expenses	103	74,877	31,894	106,874	17,090
<b>Totals</b>	<u>\$ 23,030</u>	<u>\$ 879,781</u>	<u>\$ 329,128</u>	<u>\$ 1,231,939</u>	<u>\$ 511,316</u>

*See accompanying Notes to Financial Statements.*

**THE MOTLEY FOOL FOUNDATION**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 574,522	\$ 660,740
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Donated Stocks	(50,161)	-
Depreciation Expense	1,000	417
Net Investment Loss	3,787	-
<u>(Increase) Decrease in Assets</u>		
Pledges Receivable	(333,934)	-
Prepaid Expenses	5,595	(15,860)
<u>(Decrease) Increase in Liabilities</u>		
Accounts Payable and Accrued Expenses	(384)	14,967
Due to Related Party	6,474	34,000
	<u>206,899</u>	<u>694,264</u>
Net Cash Provided by Operating Activities		
<b>Cash Flows from Investing Activities</b>		
Purchases of Property and Equipment	<u>(42,292)</u>	<u>(4,000)</u>
Net Cash Used in Investing Activities	<u>(42,292)</u>	<u>(4,000)</u>
Net Increase in Cash and Cash Equivalents	164,607	690,264
Cash and Cash Equivalents, Beginning of Year	<u>690,264</u>	<u>-</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 854,871</u></u>	<u><u>\$ 690,264</u></u>

*See accompanying Notes to Financial Statements.*



# THE MOTLEY FOOL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Organization*

The Motley Fool Foundation (the Foundation) is a nonprofit organization, incorporated as a non-stock corporation in the State of Delaware with offices in Alexandria, Virginia. The Motley Fool Holdings, Inc. (TMFHI) is the sole member of the Foundation. The Foundation is governed by an independent Board of Trustees. The Foundation's purpose is to promote financial freedom for all by investing in connections and innovations to connect the five drivers of financial freedom: Education, Health, Workplace, Housing, and Money. Though in its early stages, the Foundation has been actively and systematically researching potential audiences and programming to identify where it can have the biggest impact and how to measure that impact. At the same time, the Foundation has been building scalable capacity and infrastructure to support sustainability and success, developing its purpose and brand, and cultivating early donor support. The Foundation expects to formally launch its fundraising and programming in 2022.

#### *Basis of Presentation*

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

#### *Cash and Cash Equivalents*

Cash and cash equivalents include cash in checking and money market accounts and all highly liquid investments with an original maturity of three months or less.

#### *Pledges Receivable*

Pledges receivable are recorded at their net realizable value. Receivables due over multiple years are discounted to their net present value using the applicable interest rate if such discount would be material. Management closely monitors pledges receivable and charges off any balances that are determined to be uncollectible. Management considers all pledges receivable to be fully collectible at September 30, 2021.

#### *Investments*

Investments are recorded at their readily determinable fair value. Equities are valued based on quoted prices on national exchanges. Realized gains and losses, unrealized gains and losses, net of investment fees are reported as net investment income (loss) in the statement of activities.

#### *Property and Equipment*

Property and equipment are stated at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. All acquisitions of property and equipment in excess of \$1,000 are capitalized.

THE MOTLEY FOOL FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

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1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Contributions*

Unconditional contributions are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the 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 net assets released from restrictions.

*Donated Services*

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

*Functional Allocation of Expenses*

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. Expenses directly identifiable to programs and supporting activities are presented accordingly.

Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs, occupancy, and other expenses. These expenses are allocated on the basis of estimates of time and effort by the employees. The Foundation is in the early stages of its operations and has incurred minimal program costs.

*Income Taxes*

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) on income other than unrelated business income. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Foundation requires that a tax position be recognized or derecognized based on a “more-likely-than-not” threshold. This applies to positions taken or expected to be taken in a tax return. The Foundation does not believe its financial statements include, or reflect, any uncertain tax positions.

The Foundation’s tax returns are subject to examination by the taxing authorities generally for three years after filing.

*Use of Estimates*

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

THE MOTLEY FOOL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Prior Year Information*

The financial statements include certain prior year summarized comparative totals as of and for the year ended September 30, 2020. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2020, from which the summarized information was derived.

*Reclassification of Prior Year Information*

Certain prior year amounts have been reclassified for comparative purposes.

2. RELATED PARTY TRANSACTIONS

The Motley Fool, LLC (the LLC) is a for-profit operating company wholly owned by TMFHI. The LLC supports and collaborates with the Foundation as it seeks to accomplish its charitable purpose of tackling systemic barriers to financial freedom. The Foundation and the LLC have entered into a shared services agreement that outlines certain shared human resources, office space, and equipment. For the year ended September 30, 2021, the LLC contributed a total of \$1,217,000 to the Foundation, which includes a cash contribution of \$1,000,000 and approximately \$217,000 of donated services including payment of certain website and logo development costs. In addition, the Foundation recorded approximately \$469,000 of personnel and occupancy expenses that were required to be reimbursed to the LLC under the shared services agreement.

During the year ended September 30, 2021, the Foundation received donations from board members of \$175,000.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's cash flows have seasonal variations due to the timing of receipt of contributions. The Foundation manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due as part of its liquidity management policies.

As of September 30, 2021, the following financial assets and liquidity sources were available for general operating expenditures in the year ending September 30, 2022:

*Financial Assets*

Cash and Cash Equivalents	\$ 854,871
Pledges Receivable Due in Less Than One Year	155,000
Investments	<u>46,374</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 1,056,245</u>

Subsequent to September 30, 2021, the LLC made an unrestricted contribution of \$15 million to the Foundation.

THE MOTLEY FOOL FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

4. CONCENTRATIONS

The Foundation maintains cash accounts with various financial institutions that exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). Management periodically assesses the financial conditions of the institutions and believes that the risk of any loss is minimal.

During the year ended September 30, 2021, 63% of the contributions were provided by the LLC. At September 30, 2021, 99% of pledges receivable were from three donors.

5. DONATED SERVICES

Donated services for personnel costs of approximately \$183,000 and logo development costs of \$10,000 are reported as general and administrative expenses in the accompanying financial statements. Donated services for website development costs of approximately \$24,000 are recorded capitalized as property and equipment on the statement of financial position.

6. PLEDGES RECEIVABLE

Pledges receivable consists of the following at September 30, 2021:

Payments Due	
<u>Less Than One Year</u>	\$ 155,000
One to Five Years	200,000
	<u>355,000</u>
Discount to Net Present Value at Annual Interest Rate of 3.25%	(21,066)
Net Pledges Receivable	<u>\$ 333,934</u>

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS

All of the Foundation's investments are exposed to various risks such as interest rates, market, and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

*Level 1* - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include stocks);

*Level 2* - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate bonds);

*Level 3* - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities).

THE MOTLEY FOOL FOUNDATION

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

7. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following presents investments carried at fair value as of September 30, 2021:

	Level 1	Level 2	Level 3	Total
Five 9 Inc (FIVN)	\$ 7,028	\$ -	\$ -	\$ 7,028
PayPal Holdings Inc (PYPL)	12,230	-	-	12,230
Shopify Inc (SHOP)	27,116	-	-	27,116
Total Investments at Fair Value	<u>\$ 46,374</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,374</u>

8. PROPERTY AND EQUIPMENT

The Foundation held the following property and equipment at September 30, 2021:

Website	\$ 42,292
Software	<u>4,000</u>
Total Property and Equipment	46,292
Less Accumulated Depreciation	<u>(1,417)</u>
Property and Equipment, Net	<u>\$ 44,875</u>

9. CONTINGENCIES

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

10. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through January 18, 2022, the date on which the financial statements were available to be issued.