

Delight Ministries, Inc.

Financial Statements
For the Years Ended December 31, 2020 and 2019

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Independent Auditor's Report

Board of Directors
Delight Ministries, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Delight Ministries, Inc. (a Tennessee not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years 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 (US GAAP); 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 audits. We conducted our audits 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delight Ministries, Inc. as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with US GAAP.

Blankenship CPA Group, PLLC
Brentwood, Tennessee
July 3, 2021

Delight Ministries, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 198,877	\$ 172,827
Inventories	24,228	14,059
Other assets	33,927	44,836
Property and equipment, net	<u>4,244</u>	<u>6,067</u>
Total assets	\$ 261,276	\$ 237,789
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 33,444	\$ 42,719
Net assets		
Without donor restrictions	144,940	108,769
With donor restrictions	<u>82,892</u>	<u>86,301</u>
Total net assets	<u>227,832</u>	<u>195,070</u>
Total liabilities and net assets	\$ 261,276	\$ 237,789

Delight Ministries, Inc.
Statement of Activities
For the Year Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues and Other Support			
Contributions	\$ 348,785	\$ 82,892	\$ 431,677
Merchandise sales	274,143	-	274,143
Other revenues	82,678	-	82,678
Net assets released from restrictions	<u>86,301</u>	<u>(86,301)</u>	<u>-</u>
Total revenues and other support	791,907	(3,409)	788,498
Expenses			
Program services	589,283	-	589,283
Management and general	141,937	-	141,937
Fundraising	<u>24,516</u>	<u>-</u>	<u>24,516</u>
Total expenses	755,736	-	755,736
Change in net assets	36,171	(3,409)	32,762
Net assets, beginning of year	<u>108,769</u>	<u>86,301</u>	<u>195,070</u>
Net assets, end of year	\$ 144,940	\$ 82,892	\$ 227,832

Delight Ministries, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Revenues and Other Support			
Contributions	\$ 413,812	\$ 86,301	\$ 500,113
Merchandise sales	253,868	-	253,868
Other revenues	37,316	-	37,316
Net assets released from restrictions	<u>65,405</u>	<u>(65,405)</u>	<u>-</u>
Total revenues and other support	770,401	20,896	791,297
Expenses			
Program services	581,314	-	581,314
Management and general	136,668	-	136,668
Fundraising	<u>27,304</u>	<u>-</u>	<u>27,304</u>
Total expenses	745,286	-	745,286
Change in net assets	25,115	20,896	46,011
Net assets, beginning of year	<u>83,654</u>	<u>65,405</u>	<u>149,059</u>
Net assets, end of year	\$ 108,769	\$ 86,301	\$ 195,070

Delight Ministries, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program services	Management and general	Fundraising	Total
Salaries and wages	\$ 158,855	\$ 61,583	\$ 17,644	\$ 238,082
Employee benefits	18,490	7,168	2,054	27,712
Advertising and promotion	11,258	-	2,815	14,073
Contract services	154,252	-	-	154,252
Cost of merchandise sold	74,358	-	-	74,358
Depreciation	-	1,823	-	1,823
Dues and subscriptions	13,939	-	-	13,939
Events expense	54,720	-	-	54,720
Gifts and awards	2,352	1,816	-	4,168
Insurance	-	3,795	-	3,795
Meals and entertainment	10,509	-	-	10,509
Professional fees	-	20,400	-	20,400
Rent	-	36,700	-	36,700
Shipping	42,529	-	-	42,529
Supplies	10,536	1,669	2,003	14,208
Taxes and licenses	-	6,983	-	6,983
Training	16,073	-	-	16,073
Travel	3,395	-	-	3,395
Utilities and telephone	5,991	-	-	5,991
Bank charges/merchant fees	10,856	-	-	10,856
Miscellaneous	1,170	-	-	1,170
	\$ 589,283	\$ 141,937	\$ 24,516	\$ 755,736

Delight Ministries, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program services	Management and general	Fundraising	Total
Salaries and wages	\$ 107,254	\$ 63,064	\$ 16,763	\$ 187,081
Employee benefits	12,376	5,606	1,819	19,801
Advertising and promotion	25,142	-	6,286	31,428
Contract services	210,129	-	-	210,129
Cost of merchandise sold	91,852	-	-	91,852
Depreciation	-	3,582	-	3,582
Dues and subscriptions	12,822	-	-	12,822
Events expense	54,072	-	-	54,072
Gifts and awards	267	1,765	-	2,032
Insurance	-	3,420	-	3,420
Meals and entertainment	8,992	-	-	8,992
Professional fees	-	19,080	-	19,080
Rent	-	28,050	-	28,050
Shipping	31,218	-	-	31,218
Supplies	2,108	1,592	2,436	6,136
Taxes and licenses	-	10,509	-	10,509
Training	5,964	-	-	5,964
Travel	4,754	-	-	4,754
Utilities and telephone	3,671	-	-	3,671
Bank charges/merchant fees	10,652	-	-	10,652
Miscellaneous	41	-	-	41
	\$ 581,314	\$ 136,668	\$ 27,304	\$ 745,286

Delight Ministries, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash, beginning of year	\$ 172,827	\$ 114,407
Cash flows from operating activities		
Change in net assets	32,762	46,011
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,823	3,582
Change in:		
Inventories	(19,677)	4,423
Other assets	10,909	(26,990)
Accounts payable and accrued expenses	<u>(9,275)</u>	<u>31,394</u>
Net cash provided (used) by operating activities	16,542	58,420
Cash flows from investing activities		
Proceeds from sale of For the Girl	9,508	-
Change in cash	26,050	58,420
Cash, end of year	\$ 198,877	\$ 172,827

Delight Ministries, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1. Summary of Significant Accounting Policies

Nature of Activities

Delight Ministries, Inc. (Delight Ministries) was incorporated in 2014 under the laws of the State of Tennessee. Its purpose is to launch, grow, and sustain Christ-centered women's communities on college campuses across the country.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Net assets and revenues, expenses, any gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Delight Ministries and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Delight Ministries. These net assets may be used at the discretion of Delight Ministries' management and the board of directors.

Net with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Delight Ministries or by the passage of time.

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 statement of activities.

Inventories

Inventories are stated at the lower-of-cost or net realizable value based on the first-in, first-out basis and consist of apparel, books, and other merchandise.

Other Assets

Other assets consist of prepaid expenses and other assets.

Property and Equipment and Depreciation

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Delight Ministries generally capitalizes and reports acquisitions in excess of \$2,500. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the useful lives of assets are capitalized at cost. Depreciation is computed using the straight line method over the estimated useful lives of the assets ranging from three to seven years.

Long-lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. At December 31, 2020, no assets were considered to be impaired.

Delight Ministries, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1. Summary of Significant Accounting Policies

Fair Values of Financial Instruments

The carrying values of current assets and current liabilities approximate fair values due to the short maturities of these instruments.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 net assets released from restrictions.

Grants

Grants consist of amounts provided from grantors to fund certain programs and are accounted for as exchange transactions. Any amounts received in excess of related program expenditures are presented as deferred revenues.

Donated Supplies and Services

Donated supplies are recorded based on their estimated fair value at the date of donation. Donated services are recognized as support if they create or enhance nonfinancial assets or the donated service requires specialized skills, was performed by a donor who possesses such skills, and would have been purchased by Delight Ministries if not donated. Such services are recognized at estimated fair value as support and expense in the period the services were performed. There were no donated services for the years ended December 31, 2020 and 2019. A number of unpaid volunteers have made significant contributions of their time to assist Delight Ministries in achieving its stated goals. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Functional Allocation of Expenses

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

Delight Ministries, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 1. Summary of Significant Accounting Policies

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides companies with several alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as *debt* and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a *conditional contribution* where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization has elected to treat the PPP loan as a conditional contribution.

Advertising

Delight Ministries uses advertising to promote its programs. Advertising costs are expensed as incurred.

Income Taxes

Delight Ministries is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code (IRC) and classified by the Internal Revenue Service (IRS) as other than a private foundation. However, it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded from the code. For the year ended December 31, 2020, Delight Ministries recorded \$6,983 in unrelated business income tax which was included in “Taxes and licenses” on the Statement of Functional Expenses.

US GAAP requires Delight Ministries’ management to evaluate tax positions taken by Delight Ministries and recognize a tax liability (or asset) if it has taken an uncertain position that more likely than not would not be sustained upon examinations by the IRS. Management has analyzed the tax positions taken by Delight Ministries and has concluded that as of December 31, 2020, no uncertain positions have been taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Delight Ministries could be subject to routine audits by taxing jurisdiction, however, there are currently no audits for any tax periods in progress. Delight Ministries is no longer subject to routine audits by taxing jurisdictions for any tax periods before 2017.

Use of Estimates

The preparation of Delight Ministries’ financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Delight Ministries, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 2. Availability and Liquidity

The following represents Delight Ministries' financial assets at December 31:

	2020	2019
Financial assets, at year-end		
Cash	\$ 198,877	\$ 172,827
Inventories	24,228	14,059
Other	<u>33,927</u>	<u>44,836</u>
Total financial assets at year-end	257,032	231,722
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>(82,892)</u>	<u>86,301</u>
Financial assets available to meet general expenditures for the next 12 months	\$ 174,140	\$ 145,421

As part of its liquidity plan, Delight Ministries has a policy to structure its financial assets in order to have the funds available meet its general expenditures, liabilities, and other obligations as they come due.

Note 3. Concentrations

Delight Ministries maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. All cash balances as of December 31, 2020 and 2019, are insured by FDIC.

One donor represented 11% and 15% of total revenues for the years ended December 31, 2020 and 2019, respectively.

Note 4. Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
Equipment and furniture	\$ 18,644	\$ 18,644
Less: accumulated depreciation	<u>(14,400)</u>	<u>(12,577)</u>
	\$ 4,244	\$ 6,067

Note 5. Net Assets

Net assets with donor restrictions consist primarily of amounts contributed for regional directors' support.

Delight Ministries, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 6. Operating Lease

Delight Ministries leases office space for \$3,200 each month. The future minimum lease payments for this space are as follows:

Year ended December 31,		
2021	\$	38,400
2022		<u>38,400</u>
Total	\$	76,800

Note 7. Employee Benefit Plan

Delight Ministries sponsors a qualified defined contribution retirement plan under Section 401(k) of the IRC in which substantially all employees qualify for participation. As defined in the plan, the Company may make discretionary contributions from year to year. The Company made discretionary contributions of \$6,684 and \$5,604 for the years ended December 31, 2020 and 2019, respectively.

Note 8. PPP Loan

On April 21, 2020, Delight Ministries received a loan in the amount of \$36,185 in accordance with the PPP section of the CARES Act. Under this loan program, the entity may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. This loan was fully forgiven in 2020 and is recorded in other revenues in the statement of activities.

On April 21, 2021, Delight Ministries received a Second Draw PPP loan in the amount of \$36,185. Delight Ministries expects that this loan will be fully forgiven.

Note 9. Sale of For the Girl

On December 20, 2020, Delight Ministries sold all of the apparel and books related to the For the Girl concept to For the Girl, LLC which is co-owned by the Organization's co-founders. The proceeds from the sale of \$9,508 are recorded as other revenues on the Statement of Activities for the year ended December 31, 2020.

Note 10. Subsequent Events

Subsequent events were evaluated through July 3, 2021, the date on which the financial statements were available to be issued.