

***Family Foundation Fund, Inc.***

(A Nonprofit Corporation)

**Financial Statements**

**With Independent Accountants' Review Report Thereon**

For the Year Ended December 31, 2022

**H A Beasley & Company, PLLC**

**Certified Public Accountants**

**Murfreesboro, Tennessee**



**H A Beasley  
& Company, PLLC**  
Certified Public Accountants

## Independent Accountants' Review Report

To Management and the Board of Directors of  
Family Foundation Fund, Inc.

We have reviewed the accompanying financial statements of Family Foundation Fund, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Family Foundation Fund, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note B to the financial statements, during the year ending December 31, 2022, the Organization adopted the new accounting guidance in *Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-02, "Leases (Topic 842)"* which requires lessees to recognize a right-of-use asset and lease liability for all leases with terms greater than 12 months.

### ***A Positive Difference Through Professional Accounting Service***

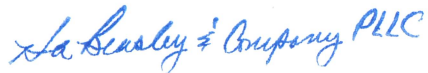
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This update also included new disclosure requirements for leases. The Organization also adopted *ASU 2018-10, "Codification Improvements to Topic 842, Leases,"* *ASU 2018-11, "Leases (Topic 842): Targeted Improvements,"* *ASU 2019-01, "Leases (Topic 842): Codification Improvements,"* and *ASU 2021-09, "Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities."* These updates all provided further transitional guidance and additional clarification in implementing *ASU No. 2016-02.*

As discussed in Note B to the financial statements, in the year ended December 31, 2022 the Organization also adopted the new accounting guidance in *FASB ASU No. 2020-07, Not-for-Profit Entities (Topic 958), "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets"* which includes specific presentation and disclosure requirements for contributed nonfinancial assets, and *FASB ASU No. 2020-10, "Codification Improvements"* which was issued to clarify certain items in the Accounting Standards Codification (ASC).

Our conclusion is not modified with respect to these matters.

A handwritten signature in blue ink that reads "H A Beasley & Company PLLC". The signature is written in a cursive, flowing style.

H A Beasley & Company, PLLC  
August 7, 2023

**FAMILY FOUNDATION FUND, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS	
Cash and equivalents	\$ 151,477
Prepaid expenses	4,680
Current portion of note receivable, related party	19,128
Accrued interest income	<u>1,191</u>
Total current assets	176,476
INVESTMENTS, NET	1,700
PROPERTY AND EQUIPMENT, NET	40,482
OTHER ASSETS	
Note receivable, related party, less current portion	21,707
Right of use asset - operating lease	<u>699</u>
Total other assets	<u>22,406</u>
TOTAL ASSETS	<u>\$ 241,064</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 7,074
Accrued expenses	3,113
Current maturities of operating lease obligation	699
Retirement payable	<u>18,584</u>
Total current liabilities	<u>29,470</u>
TOTAL LIABILITIES	29,470
NET ASSETS	
Without donor restrictions	149,094
With donor restrictions	<u>62,500</u>
TOTAL NET ASSETS	<u>211,594</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 241,064</u>

See accompanying notes to financial statements and independent accountants' review report.

**FAMILY FOUNDATION FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support			
Private gifts and grants	\$ 243,716	\$ 62,500	\$ 306,216
Sale of produce	22,920	-	22,920
Contributed non-financial assets	<u>3,050</u>	<u>-</u>	<u>3,050</u>
Total revenue and support	269,686	62,500	332,186
Expenses			
Program services	187,789	-	187,789
Supporting services			
Management and general	79,939	-	79,939
Fundraising	<u>26,414</u>	<u>-</u>	<u>26,414</u>
Total Expenses	294,142	-	294,142
Other income			
Miscellaneous income	860	-	860
Interest income	<u>2,183</u>	<u>-</u>	<u>2,183</u>
Total other income	<u>3,043</u>	<u>-</u>	<u>3,043</u>
CHANGE IN NET ASSETS	(21,413)	62,500	41,087
NET ASSETS - BEGINNING OF YEAR	<u>170,507</u>	<u>-</u>	<u>170,507</u>
NET ASSETS - END OF YEAR	<u>\$ 149,094</u>	<u>\$ 62,500</u>	<u>\$ 211,594</u>

See accompanying notes to financial statements and independent accountants' review report.

**FAMILY FOUNDATION FUND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

		Supporting Services		
	Program Services	Management and General	Fund- raising	Totals
Compensation and related expenses:				
Wages	\$ 64,544	\$ 45,181	\$ 19,363	\$ 129,088
Payroll taxes	4,744	3,320	1,423	9,487
Retirement expense	1,024	1,023	-	2,047
Totals	70,312	49,524	20,786	140,622
Professional fees	2,235	6,705	-	8,940
Depreciation	8,492	2,831	-	11,323
Bank charges	-	2,196	-	2,196
Travel, meals and entertainment	9,517	323	-	9,840
Printing and reproduction	753	1,507	753	3,013
Postage	778	1,556	778	3,112
Automobile expense	5,661	2,830	2,831	11,322
Supplies	1,638	1,638	820	4,096
Repairs and maintenance	1,544	1,544	-	3,088
Communications	2,231	1,785	446	4,462
Insurance	2,804	2,803	-	5,607
Charitable donations	4,055	-	-	4,055
Gifts and incentives	1,278	-	-	1,278
Tuition	38,281	-	-	38,281
Licenses, registrations and taxes	-	250	-	250
Rent expense	(892)	-	-	(892)
Utilities	494	4,447	-	4,941
Other program expense	38,608	-	-	38,608
Total functional expenses	\$ 187,789	\$ 79,939	\$ 26,414	\$ 294,142

See accompanying notes to financial statements and independent accountants' review report.

**FAMILY FOUNDATION FUND, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 41,087
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,323
Decrease (increase) in operating assets:	
Prepaid expenses	(4,680)
Accrued interest income	196
Increase (decrease) in operating liabilities:	
Accounts payable	1,218
Accrued expenses	(1,773)
Retirement payable	(365)
Net cash provided by operating activities	47,006

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payment received from note receivable	6,722
Purchase of property and equipment, net	(1,000)
Net cash provided by investing activities	5,722

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments made on note payable, related party	(13,869)
Net cash used by financing activities	(13,869)

Net increase in cash and equivalents	38,859
Beginning cash and equivalents	112,618
Ending cash and equivalents	\$ 151,477

See accompanying notes to financial statements and independent accountants' review report.

**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Family Foundation Fund, Inc., (the “Organization”) is a nonprofit organization located in Nashville, Tennessee. The Organization is dedicated to mentoring fatherless and disadvantaged boys, ages ten years and older in the Nashville and Middle Tennessee area. They provide father figures to the young boys to help nurture them into mature, Christ-centered adults who will impact their families and communities for generations. The Organization also provides tuition assistance for private Christian education and offers summer mentoring programs.

Basis of Accounting

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

Basis of Presentation

The Organization presents its financial statements in accordance with *Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, Financial Statements for Not-for-Profit Entities*. Accordingly, the Organization reports information regarding its financial position and activities according to the two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization. Net assets without donor restrictions may be designated for specific purposes such as endowment by the Organization’s board of directors.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of donor restricted contributions and grants. Amounts restricted by donors for a specific purpose are deemed to be earned and reported as restricted revenue when received, and such unexpended amounts are reported as net assets with donor restrictions at year-end. When the donor restriction expires, that is, when a stipulated time or purpose restriction is accomplished, these 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.” Donor restricted contributions whose restrictions are met in the same reporting period are reported as contributions without donor restrictions. The Organization had net assets with donor restrictions of \$62,500 as of December 31, 2022.

Use of Estimates

The preparation of the 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and other support and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Equivalents

Cash and equivalents include cash and short-term investments with an initial maturity date of three months or less.



**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE A – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments, Net

The Organization follows the Not-For-Profit Entities subtopic and Revenue Recognition subtopic of the FASB ASC with respect to investments. Under these subtopics, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. *FASB ASC 820, Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to the valuation technique used to measure fair value. This hierarchy consists of three levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs and have the lowest priority.

The Organization uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

Unrealized gains and losses are included in the change in net assets without donor restrictions.

Property and Equipment, Net

Property and equipment are stated at cost or, for donated items, at fair value as of the date received. The Organization capitalizes the costs of additions and major improvements. Maintenance and repairs are charged to expense as incurred. When assets are retired, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected on the statement of activities. For financial statement purposes, depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 15 years.

Contributions of long-lived assets or contributions restricted for acquisition of long-lived assets are reported as increases in net assets with donor restrictions. When restrictions are considered met, an appropriate amount is reclassified to net assets without donor restrictions. The useful lives of the long-lived assets are calculated based on the organization's depreciation policy.

Contributions

*FASB ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* requires three classifications of contributions received in the current year: conditional, unconditional with donor restrictions, and unconditional without donor restrictions. Conditional contributions, including conditional promises to give, are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional contributions, including unconditional promises to give, are recognized as revenue in the period incurred. Contributions of assets and specialized services are recorded at their fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE A – NATURE OF ACTIVITIES OF AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue Recognition

In the current year, the Organization collected payments for produce that is grown by the Organization in their garden. This revenue stream is considered an exchange transaction under *ASU 2014-09, Revenue from Contracts with Customers* ("*ASU 2014-09*") as those making the payments are receiving products with commensurate value to the payment they are making. The Organization recognizes revenue when the recipient takes possession of the produce, which is the point in time that the Organization is considered to meet its performance obligations under the contract with its customers. Payment is due from the customers at the time they receive the produce. Revenue recognized from the sale of produce during the year ended December 31, 2022 totaled \$22,920.

The contracts with their customers do not have a significant financing component, and there were no uncompleted contracts with customers as of December 31, 2022 and 2021 resulting in a contract asset or liability. There were also no receivables from contracts with customers as of December 31, 2022 and 2021.

Donated Materials and Services

Donated materials, property or equipment are reflected as contributed nonfinancial assets in the accompanying statements at their estimated fair values at the date of receipt. No amounts have been reflected in the financial statements for donated services of volunteers in as much as no objective basis is available to measure the value of such services; however, a number of volunteers have donated their time to the Organization's program services and fundraising campaigns. Contributed services include agricultural work performed on the Son Farm and time given to the Mentor and Surrogate Father programs.

Functional Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services, management and general and fundraising expense categories. Certain expenses, including wages and related payroll expenses, are allocated based on the efforts expended by employees. Other expenses are allocated based on an estimate of the benefits to programs and supporting services.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) as an organization that is a public charity under Section 509(a)(1). Only unrelated business income, as defined in Section 512(a)(1) of the Code, is subject to federal income tax. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2019, and to state tax authorities for years before 2017.

The Organization has evaluated its tax positions for all open tax years. Based on this evaluation, management believes all tax positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain positions has been recorded for the year ended December 31, 2022.

Leases

The Organization has elected not to recognize leases with an original term of one year or less on the balance sheet, and accordingly lease expense for these short-term leases is recognized on a straight-line basis over the lease term. The Organization accounts for lease components together with non-lease components as a single component for all classes of underlying assets. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid.

**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE A – NATURE OF ACTIVITIES OF AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Leases (continued)

Operating lease assets represent the right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment, if any, of operating lease assets. The Organization has elected to use a risk-free interest rate as the discount rate for all leases.

**NOTE B – NEW AUTHORITATIVE ACCOUNTING GUIDANCE**

ASU 2020-07

During the year ended December 31, 2022, the Organization implemented *FASB ASU No. 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which includes specific presentation and disclosure requirements for contributed nonfinancial assets. The Organization adopted *ASU 2020-07* retrospectively. There was no material impact on the Organization's changes in net assets, financial position or cash flows upon adoption of this new standard.

Leases: Topic 842

As a result of updates to the Accounting Standards Codification, during the year ended December 31, 2022 the Organization adopted *FASB ASU No. 2016-02, "Leases (Topic 842)." This update requires a dual approach for lessee accounting under which a lessee will account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of-use asset and a corresponding lease liability on its balance sheet, with differing methodology for income statement recognition. In July 2018, the FASB issued ASU 2018-10, "Codification Improvements to Topic 842, Leases" to provide more detailed guidance and additional clarification for implementing ASU 2016-02, and ASU 2018-11, "Leases (Topic 842): Targeted Improvements," which provides an optional transition method in addition to the existing modified retrospective transition method by allowing a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. In March of 2019, the FASB issued ASU 2019-01, "Leases (Topic 842): Codification Improvements" which was issued to provide more detailed guidance and clarification for implementing ASU 2016-02. In November of 2021, the FASB issued ASU 2021-09, "Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities" which allows private companies to use a risk-free rate as the discount rate for all leases.*

The Organization adopted this guidance in the year ended December 31, 2022, and as a part of that process, made the following elections:

- The Organization elected the optional transition method which allows for the lessee to not recast comparative financial information but instead recognize a cumulative-effect adjustment to retained earnings as of the effective date in the period of adoption. No such adjustment to retained earnings was made as a result of the adoption of this guidance.
- The Organization elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed the Organization to carry forward their prior lease classification under *Accounting Standards Codification ("ASC") Topic 840*.
- The Organization elected to make the accounting policy election for short term leases resulting in lease payments being recorded as an expense on the straight-line basis over the lease term.
- The Organization elected to not separate lease components from non-lease components for all classes of underlying assets.
- The Organization elected to use a risk-free rate as the discount rate for leases.

**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE B – NEW AUTHORITATIVE ACCOUNTING GUIDANCE (CONTINUED)**

Leases: Topic 842 (continued)

Adoption of the new standard did not have a material impact to the Organization's statement of financial position and related disclosures. Adoption of the new standard resulted in the recording of a right-of-use asset and operating lease liability of \$1,396 as of January 1, 2022, the date of adoption. This standard did not materially impact the statement of activities or statement of cash flows during the period of adoption.

Codification Improvements

As a result of updates to the Accounting Standards Codification, during the year ended December 31, 2022 the Organization adopted *FASB ASU No. 2020-10, "Codification Improvements."* This update was issued to clarify certain items in the Accounting Standards Codification. The Organization applied this new standard retrospectively. There was no cumulative effect of applying this change to all prior periods presented, therefore there was no material impact on the Organization's change in net assets, financial position, or cash flows upon adoption of the new standard.

**NOTE C – INVESTMENTS, NET**

Investments are stated at fair value in the statement of financial position. As of December 31, 2022, investments consist of the following:

	<u>Debt Security</u>	<u>Artwork</u>	<u>Total</u>
Cost	\$ 500	\$ 21,000	\$ 21,500
Less impairment	<u>-</u>	<u>(19,800)</u>	<u>(19,800)</u>
Total investments, net	<u>\$ 500</u>	<u>\$ 1,200</u>	<u>\$ 1,700</u>

For donated investments, cost is determined to be the fair value at the date of gift. During the year ended December 31, 2017, the Organization received a donation of a piece of artwork with an appraised value of \$21,000. As of December 31, 2018, an impairment loss of \$19,800 was recorded based on the fair values observed on recent sales of identical pieces of artwork. For the year ended December 31, 2022, no additional impairment loss was recorded on the artwork.

Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently sourced market data, including interest rate yield curves, option volatilities and third-party information. Valuation adjustments may be made to ensure that assets and liabilities are recorded at fair value.

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 assets and liabilities could result in a different estimate of fair value at the reporting date.

**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE C – INVESTMENTS, NET (CONTINUED)**

Fair value measurements as of December 31, 2022 are determined as follows in accordance with the *FASB ASC 820-10, Fair Value Measurement*:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Totals
Debt security	\$ -	\$ -	\$ 500	\$ 500
Artwork	-	1,200	-	1,200
	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 500</u>	<u>\$ 1,700</u>

The fair value of the Organization's investment in a debt security, which is made up of a bond, is estimated based on discounted cash flows. The valuation methodologies used for this investment are based on inputs that are unobservable and significant to the fair value measurement, thus the instrument is classified with Level 3 of the valuation hierarchy. The sensitivity to fair value changes is deemed low for the bond due to the limited trade transaction for such assets.

When a determination is made to classify a financial instrument as Level 3 of the valuation hierarchy, the determination is based upon the significance of the unobservable factors to the overall fair value measurement. However, since Level 3 financial instruments typically include, in addition to the unobservable or Level 3 components, observable components (that is, components that are actively quoted and can be validated to external sources), the gains and losses include changes in fair value due in part to observable factors that are part of the valuation methodology. The Level 3 investments are reported at fair value on a recurring basis determined by quoted market prices for similar assets. The following table sets forth a summary of changes in the fair value of the Organization's Level 3 investments for the year ended December 31, 2022:

Balance, beginning of year	\$ 500
Contributions	-
Investment income	-
Investment fees	-
Realized gains (losses)	-
Unrealized gains (losses)	-
Balance, end of year	<u>\$ 500</u>

**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE D – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net is composed of the following as of December 31, 2022:

Vehicles	\$ 45,800
Buildings	49,302
Furniture and equipment	<u>34,944</u>
Total	130,046
Less: accumulated depreciation	<u>(89,564)</u>
Total property and equipment, net	<u><u>\$ 40,482</u></u>

For the year ended December 31, 2022, depreciation expense totaled \$11,323.

**NOTE E – ACCRUED EXPENSES**

As of December 31, 2022, accrued expenses are composed of payroll tax and related liabilities of \$3,113.

**NOTE F – LEASE OBLIGATIONS**

On February 1, 2021, the Foundation signed an operating lease agreement for the use of Son Farm from the founders. This lease commenced on February 1, 2021, with \$700 being paid upon execution and an annual rent of \$700 paid on February 1 until expiration in December 2023. The lease also requires the Foundation to pay additional rent based on 15% of the annual yield from the sale of produce and other farm products generated by the Son Farm. No additional rent was due for the year-ended December 31, 2022. Future maturities of this lease are as follows as of:

	<u>December 31,</u>	
	2023	\$ 700
Less imputed interest		<u>(1)</u>
Total lease obligation		699
Less: current maturities of lease obligation		<u>(699)</u>
Lease obligation, less current maturities		<u><u>\$ -</u></u>

The weighted average interest rate for the operating lease totaled .17% and the weighted average remaining lease term in years totaled 1 for the year ended December 31, 2022.

Operating cash flows for the year ended December 31, 2022 from operating leases totaled \$700. Straight-line rent expense totaled \$700 and is included in rent on the statement of functional expenses.

**NOTE G – NOTE RECEIVABLE**

During the year ended December 31, 2020 the Organization took a note for \$105,000 for the sale of Son Farm and certain equipment to the founders. This sale serves as settlement for debt that the Organization owed the founders. The terms of the note call for a down payment of \$31,593, and annual payments beginning in May, 2020. The note has an annual interest rate of 5%, and matures in May, 2025. The balance due on the note as of December 31, 2022 is \$40,834. The Organization has accrued interest income of \$1,191 on this note as of December 31, 2022.

**FAMILY FOUNDATION FUND, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE G – NOTE RECEIVABLE (CONTINUED)**

A schedule of the future note payments to be received are as follows for the years ending:

<u>December 31,</u>	
2023	19,127
2024	12,925
2025	<u>8,782</u>
	<u><u>\$ 40,834</u></u>

**NOTE H – EMPLOYEE BENEFITS**

The Organization adopted a Simple IRA plan in which employees receiving at least \$5,000 in compensation are eligible to participate. The Organization has the option to either contribute 2% of each employees' wages regardless of their participation in the plan or to match the contributions made by employees up to 3% of their wages. The Organization chose to make matching contributions to the plan of up to 3% of a participant's salary. During the year ended December 31, 2022, the employer's matching contribution totaled \$2,047. As of December 31, 2022, the balance due on the employer's matching contribution totaled \$1,584.

In January 2015, the Board of Directors voted to designate \$25,000 of bonuses to be paid for the purpose of retirement funding for the Executive Director and Administrative Assistant. These designated funds were to be paid in the form of employer contributions and bonuses to employees to fund employee contributions. As of December 31, 2022, \$17,000 was still to be contributed to the retirement accounts for these employees

**NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization is supported in part by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, some financial assets may not be available for general expenditure within one year.

The following reflects the Organization's financial assets as of December 31, 2022. As of December 31, 2022, there were no contractual or donor-imposed restrictions on financial assets making them unavailable for general expenditure within one year of the date of the statement of financial position.

Financial assets as of year-end:	
Cash and equivalents	\$ 151,477
Current portion of note receivable, related party	19,128
Accrued interest income	1,191
Investments	<u>500</u>
Total financial assets as of year-end	172,296
Less those unavailable for general expenditure within one year:	<u>(62,500)</u>
Total financial assets available for general expenditures within one year	<u><u>\$ 109,796</u></u>

**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE J – CONTRIBUTED NONFINANCIAL ASSETS**

The contributed nonfinancial assets received during the year ended December 31, 2022 totaled \$3,050 and consisted of the following:

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Electrical outlet repairs	\$500	Utilized in all programs and general and administrative activities of the Organization	No associated donor restrictions	In determining the value of the donated repairs, the Organization determined what they would pay an electrician to complete the repairs.
Well handles replacement and repair	\$750	Utilized in the Son Farm gardening program of the Organization	No associated donor restrictions	In determining the value of the donated repairs, the Organization researched the value of similar items that were available to be purchases in stores as well as determined how much it would have cost to have them installed by a professional.
1996 Dodge Dakota	\$1,000	Utilized in the Son Farm gardening and mentoring programs of the Organization	No associated donor restrictions	In determining the value of the donated vehicle, the Organization researched the value of similar makes and models available for sale.



**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE J – CONTRIBUTED NONFINANCIAL ASSETS (CONTINUED)**

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Net Gear Hotspots	\$200	Utilized in all programs and general and administrative activities of the Organization	No associated donor restrictions	In determining the value of the donated electronic equipment, the Organization researched the value of similar items for sale.
Greenhouse Panels	\$600	Utilized in the Son Farm gardening program of the Organization	No associated donor restrictions	In determining the value of the donated materials, the Organization researched the value of similar items for sale.

**NOTE K - RELATED PARTY TRANSACTIONS**

The founders of the Organization from time to time have loaned the Organization funds to help meet cash flow requirements in the form of cash loans or postponement of salaries. The loan carries no interest and is not collateralized. The loans are shown in current liabilities on the statement of financial position. During the year ended December 31, 2022, the founders did not make any loans to the Organization. The Organization has repaid this debt through the sale of Son Farm. The founders of the Organization are leasing the Son Farm back to the Foundation for \$700 per year for use in the programs and operations of the Foundation.

The outstanding balance on the loans as of December 31, 2022 consisted of the following:

<u>Year</u>	<u>Type</u>	<u>Amount</u>
2016	Cash loan	\$ 12,000
2018	Cash loan	23,750
2018	Postponement of salaries	37,229
2019	Cash loan	4,624
2019	Postponement of salaries	18,396
	Total amount loaned	95,999
	Less: repayments in 2019	(8,780)
	Less: repayments in 2020	(50,285)
	Less: repayments in 2021	(23,065)
	Less: repayments in 2022	(13,869)
	Balance as of December 31, 2021	\$ -

**FAMILY FOUNDATION FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**NOTE L - CONCENTRATION OF RISK**

At times throughout the year, the Organization may maintain cash balances in certain accounts in excess of the Federal Deposit Insurance Corporation ("FDIC") limit, which is \$250,000 for substantially all depository accounts. As of December 31, 2022, the Organization had no funds in excess of the FDIC limits.

**NOTE M – CASH FLOW INFORMATION**

During the year ended December 31, 2022, there were no cash payments for income taxes or interest. During the year ended December 31, 2022, there were non-cash investing and financing activities of \$1,396 related to the implementation of *ASU 2016-02* to record the operating right-of-use asset and liability as of the effective date of *ASU*, January 1, 2022.

**NOTE N - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 7, 2023 which is the date the financial statements were available to be issued.

There have been no other adjustments to the financial statements to include any subsequent transactions or events.