

Family Foundation Fund, Inc.

(A Nonprofit Corporation)

Financial Statements

With Independent Accountants' Review Report Thereon

For the Year Ended December 31, 2020

H A Beasley & Company, PLLC

Certified Public Accountants

Murfreesboro, Tennessee



**H A Beasley
& Company, PLLC**

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Management of
Family Foundation Fund, Inc.

We have reviewed the accompanying financial statements of Family Foundation Fund, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2020, 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 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.

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.

Emphasis of Matter

As discussed in Note B to the financial statements, in the year ending December 31, 2020 the entity adopted *FASB ASU No. 2020-03, Codification Improvements to Financial Instruments*, which provides clarity on certain accounting standards for financial instruments, *FASB ASU No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides clarity on certain accounting standards for contributions made and received, *FASB ASU No. 2014-09, Revenue from Contracts with Customers*, which provides new accounting guidance related to revenue recognition, and *FASB ASU No. 2018-13 Fair Value Measurements (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which provides clarity on updates to fair value measurement disclosure requirements. Our conclusion is not modified with respect to these matters.

H A Beasley & Company PLLC

H A Beasley & Company, PLLC
July 28, 2021

A Positive Difference Through Professional Accounting Service

Murfreesboro Office: P.O. Box 11669 • 111 MTCS Drive • Murfreesboro, TN 37129 • (615) 895-5675
Shelbyville Office: P.O. Box 1044 • 109 E. Holland Street • Shelbyville, TN 37162 • (931) 680-0660
www.HABeasley.com

FAMILY FOUNDATION FUND, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 161,695
Other receivables	1,235
Current portion of note receivable, related party	12,925
Accrued interest income	<u>1,764</u>
Total current assets	177,619

INVESTMENTS, NET	1,700
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PROPERTY AND EQUIPMENT, NET	12,035
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OTHER ASSETS

Note receivable, related party, less current portion	47,557
Deposit	<u>6,500</u>
Total other assets	<u>54,057</u>

TOTAL ASSETS	<u><u>\$ 245,411</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 2,983
Accrued expenses	4,409
Retirement payable	17,000
Current maturities of note payable	8,793
Note payable, related party	<u>36,934</u>
Total current liabilities	70,119

LONG-TERM LIABILITY

Note payable, less current maturities	<u>18,582</u>
TOTAL LIABILITIES	<u>88,701</u>

NET ASSETS

Without donor restrictions	156,710
With donor restrictions	<u>-</u>
TOTAL NET ASSETS	<u>156,710</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 245,411</u></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, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue and Support			
Private gifts and grants	\$ 351,798	\$ -	\$ 351,798
Sale of produce	10,279	-	10,279
Total revenue and support	362,077	-	362,077
Expenses			
Program services	166,203	-	166,203
Supporting services			
Management and general	94,214	-	94,214
Fundraising	28,203	-	28,203
Total Expenses	288,620	-	288,620
Other income (expense)			
Miscellaneous income	1,458	-	1,458
Interest income	1,765	-	1,765
Interest expense	(436)	-	(436)
Loss on disposal of property and equipment	(43,271)	-	(43,271)
Total other income (expense)	(40,484)	-	(40,484)
CHANGE IN NET ASSETS	32,973	-	32,973
NET ASSETS - BEGINNING OF YEAR	123,737	-	123,737
NET ASSETS - END OF YEAR	\$ 156,710	\$ -	\$ 156,710

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, 2020

		Supporting Services		
	Program Services	Management and General	Fund- raising	Totals
Compensation and related expenses:				
Wages	\$ 73,031	\$ 51,121	\$ 21,909	\$ 146,061
Payroll taxes	5,601	3,920	1,680	11,201
Retirement expense	948	947	-	1,895
Totals	79,580	55,988	23,589	159,157
Professional fees	2,240	6,718	-	8,958
Depreciation	7,993	2,664	-	10,657
Bank charges	-	2,108	-	2,108
Travel, meals and entertainment	2,624	875	-	3,499
Printing and reproduction	748	1,495	747	2,990
Postage	725	1,452	726	2,903
Automobile expense	3,622	1,811	1,811	7,244
Supplies	625	624	312	1,561
Repairs and maintenance	978	978	-	1,956
Communications	3,428	2,742	686	6,856
Insurance	5,430	5,429	-	10,859
Charitable donations	7,145	-	-	7,145
Subscriptions	-	248	-	248
Gifts and incentives	355	-	-	355
Tuition	22,435	-	-	22,435
Licenses, registrations and taxes	-	472	-	472
Rent expense	-	8,580	-	8,580
Utilities	226	2,030	-	2,256
Other program expense	28,049	-	-	28,049
Other fundraising expenses	-	-	332	332
Total functional expenses	<u>\$ 166,203</u>	<u>\$ 94,214</u>	<u>\$ 28,203</u>	<u>\$ 288,620</u>

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, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 32,973
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,657
Loss on sale of property and equipment	43,271
(Increase) decrease in operating assets:	
Other receivables	3,305
Accrued interest income	(1,764)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,441)
Accrued expenses	(1,529)
Net cash provided by operating activities	<u>85,472</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payment received from note receivable	12,925
Deposit for offices	(6,500)
Net cash provided by investing activities	<u>6,425</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from note payable	27,375
Payments made on note payable, related party	(18,691)
Net cash provided by financing activities	<u>8,684</u>

Net increase in cash and equivalents	100,581
Beginning cash and equivalents	<u>61,114</u>
Ending cash and equivalents	<u>\$ 161,695</u>

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, 2020

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 no net assets with donor restrictions as of December 31, 2020.

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, 2020

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 this subtopic, 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.

The Fair Value Measurements and Disclosures topic of the *Financial Accounting Standards Board Accounting Standards Codification ("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.

Other Receivables

Other receivables consist of excess contributions that were paid in 2020 to the simple IRA plan offered by the Organization. The Organization expects these amounts to be refunded from the plan trustee. As of December 31, 2020 the amount to be received by the organization totaled \$1,235.

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 the estimated useful lives of the assets. Vehicles, furniture and equipment are depreciated over 5 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

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.

FAMILY FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

Contributions (continued)

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.

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 *Accounting Standards Update (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.

The contracts with their customers do not have a significant financing component, and there were no uncompleted contracts with customers as of December 31, 2020 and 2019 resulting in a contract asset or liability. There were also no receivables from contracts with customers as of December 31, 2020 and 2019.

Donated Materials and Services

Donated materials, property or equipment are reflected as contributions 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) whereby 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 2017, and to state tax authorities for years before 2015.

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, 2020.

FAMILY FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE B – NEW AUTHORITATIVE ACCOUNTING GUIDANCE

ASU 2018-13

Due to updates to the Accounting Standards Codification, *ASU 2018-13 Fair Value Measurements (Topic 820), Disclosure Framework – Changes to Disclosure Requirements for Fair Value Measurement*, was adopted by the Organization. This ASU makes amendments to the disclosures related to fair value measurements to facilitate clear communication of information that is important to the users of the financial statements. The Organization adopted *ASU 2018-13* 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.

ASU 2014-09

As a result of updates to the Accounting Standards Codification, as of January 1, 2020, the Organization implemented *FASB ASU No. 2014-09, Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "*ASC 606*"), which creates a single framework for recognizing revenue from contracts with customers that fall within its scope and revises when it is appropriate to recognize a gain or loss from the transfer of nonfinancial assets. The sale of produce is considered a contract with customers under *ASC 606*.

The Organization adopted *ASC 606* using the modified retrospective method that applies to all contracts not completed as of January 1, 2020. There was no cumulative effect on the financial statements due to the application of *ASC 606*, as the Organization did not have any uncompleted contracts with customers as of January 1, 2020.

ASU 2020-03

As a result of updates to the Accounting Standards Codification, during the year ended December 31, 2020, the Organization adopted *FASB ASU No. 2020-03, Codification Improvements to Financial Instruments*, which relates to the accounting disclosure requirements for financial instruments. *ASU 2020-03: Issue One* clarifies guidance in *ASC Subtopic 825-10, Financial Instruments – Disclosure– Fair Value Option* related to the disclosure requirements for financial instruments valued using the fair value option. The Organization did apply this new standard prospectively, but did not have any of these specific transactions thus there was no material impact on the Organization's changes in net assets, financial position, or cash flows upon adoption of the new standard.

ASU 2020-03: Issue Four clarifies the guidance provided in *ASC Subtopic 470-50, Debt – Derecognition – General* related to the accounting for lender fees and third-party costs directly related to exchanges or modifications of debt instruments, line-of-credit and revolving-debt arrangements. The Organization did apply this new standard prospectively, but did not have any of these specific transactions thus there was no material impact on the Organization's changes in net assets, financial position, or cash flows upon adoption of the new standard.

ASU 2018-08

During the year ended December 31, 2020, the Organization implemented *FASB ASU No. 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which assists the Organization in evaluating whether transactions should be accounted for as contributions within the scope of *Topic 958, Non-for-Profit Entities*, or as an exchange transaction subject to other guidelines. It also required a determination of whether a contribution is considered conditional. The Organization has applied the new standard on a modified prospective basis. There was no cumulative effect on the financial statements upon adoption of this ASU as they had no promises to give from donors that were uncompleted as of the date of implementation nor at December 31, 2020. This accounting change was made due to an update in the Accounting Standards Codification.

FAMILY FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE C – INVESTMENTS, NET

Investments are stated at fair value in the statement of financial position. As of December 31, 2020, 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, 2020, 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.

Fair value measurements as of December 31, 2020 are determined as follows in accordance with the *FASB ASC 820-10, Fair Value Measurement*:

Fair Value Measurements at December 31, 2020				
	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.

FAMILY FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE C – INVESTMENTS, NET (CONTINUED)

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, 2020:

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

NOTE D – PROPERTY AND EQUIPMENT, NET

Property and equipment, net is composed of the following as of December 31, 2020:

Vehicles	\$	44,800
Furniture and equipment		<u>34,944</u>
Total		79,744
Less: accumulated depreciation		<u>(67,709)</u>
Total property and equipment, net	\$	<u>12,035</u>

For the year ended December 31, 2020, depreciation expense totaled \$10,657.

In April 2020, the Organization sold a portion of their property and equipment to the founders as a settlement for the debt that the Organization owed them (see Note F for the related note receivable). The sale included in the following:

	Cost	Accumulated Depreciation	Carrying Value	Sales Price	(Gain) loss on Disposal
Land	\$ 130,000	\$ -	\$ 130,000	\$ 62,947	\$ 67,053
Land improvements	82,600	64,329	18,271	39,995	(21,724)
Equipment	<u>4,250</u>	<u>4,250</u>	-	<u>2,058</u>	<u>(2,058)</u>
	<u>\$ 216,850</u>	<u>\$ 68,579</u>	<u>\$ 148,271</u>	<u>\$ 105,000</u>	<u>\$ 43,271</u>

FAMILY FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE E – ACCRUED EXPENSES

As of December 31, 2020, accrued expenses are composed of payroll tax liabilities of \$2,825 and other accrued expenses of \$1,584, which totaled \$4,409.

NOTE F – 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, 2020 is \$60,482. The Organization has accrued interest income of \$1,764 on this note as of December 31, 2020.

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

<u>December 31,</u>	
2021	\$ 12,925
2022	12,925
2023	12,925
2024	12,925
2025	<u>8,782</u>
	<u>\$ 60,482</u>

NOTE G – NOTE PAYABLE

A summary of the note payable at December 31, 2020 is as follows:

Note payable to a bank bearing an interest rate of 1% and requiring monthly principal and interest payments of \$1,541 on the outstanding balance beginning July 2021. The total principal balance is due April 2022. Note is through the Paycheck Protection Program (PPP).	\$ 27,375
Less: Current maturities of note payable	<u>(8,793)</u>
Note payable, less current maturities	<u>\$ 18,582</u>

On April 15, 2020, the Organization was granted a loan from a bank through the Small Business Administration (“SBA”) in the amount of \$27,375, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), which was enacted March 27, 2020. The PPP provides loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business.

Under the current terms of the PPP, the loan can be forgiven if the funds are used for qualifying expenses as described in the CARES Act, which include payroll costs, interest on mortgages, rent, and utilities, over the chosen covered period, which can either be an eight or twenty-four week period.

FAMILY FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE G – NOTE PAYABLE (CONTINUED)

A contingency to the loan forgiveness, however, is that the Organization must maintain the salary levels that were listed on their PPP loan application. Forgiveness is to be reduced if full-time headcount declines or if salaries and wages decrease.

The Organization has used the entire loan amount for qualifying expenses and to maintain the salary levels listed on their PPP loan application. Subsequent to year end, on July 2, 2021, the Organization did receive full forgiveness of the PPP loan from the SBA.

Future maturities of the note payable are as follows as of:

<u>December 31,</u>	
2021	\$ 8,793
2022	<u>18,582</u>
Total	<u>\$ 27,375</u>

NOTE H - LEASE OBLIGATION

The Organization leases office space on a month-to-month basis requiring monthly lease payments of \$715. The Organization does not have a formal lease agreement with David Long, who is a member of the Organization's Advisory Council. For the year ended December 31, 2020, lease expense totaled \$8,580.

NOTE I – 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, 2020, the employer's matching contribution totaled \$1,895.

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, 2020, \$17,000 was still to be contributed to the retirement accounts for these employees.

NOTE J – 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.

FAMILY FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE J – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The following reflects the Organization's financial assets as of December 31, 2020. As of December 31, 2020, 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	\$	161,695
Other receivables		1,235
Current portion of note receivable, related party		12,925
Accrued interest income		1,764
Investments		500
Total financial assets as of year-end		178,119
Less those unavailable for general expenditure within one year:		
		-
Total financial assets available for general expenditures within one year	\$	<u>178,119</u>

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, 2020, the founders did not make any loans to the Organization. The Organization is working to pay this debt down through the sale of Son Farm.

The outstanding balance on the loans as of December 31, 2020 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)
	Balance as of December 31, 2020	<u>\$ 36,934</u>

FAMILY FOUNDATION FUND, INC.
NOTES TO FINANCIAL STATEMENTS
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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, 2020, the Organization had no funds in excess of the FDIC limits.

NOTE M – CASH FLOW INFORMATION

During the year ended December 31, 2020, net cash provided by operating activities included cash payments of interest totaling \$436. There were no cash payments for income taxes during the year ended December 31, 2020. Non-cash investing and financing activities for the year ended December 31, 2020 consisted of entering into a note receivable for the sale of Son Farm and certain equipment for \$105,000, and reducing a note due to the founders by \$31,593 by applying that amount as a down payment on the note receivable from the founders.

NOTE N - SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 28, 2021 which is the date the financial statements were available to be issued.

Management is currently evaluating the impact of the COVID-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization's financial position, changes in net assets and cash flows, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

On July 2, 2021, the SBA issued a full forgiveness of the PPP loan granted through the CARES Act in the amount of \$27,375. This forgiveness was based on the Organization's use of the funds for qualifying expenses as described in the CARES Act, which include payroll costs, rent, and utilities.

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