

**FAMILY AFFAIR MINISTRIES, INC.
FINANCIAL STATEMENTS (COMPILED)
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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TABLE OF CONTENTS

	PAGE
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7-10



Independent Accountants' Compilation Report

To the Board of Directors
Family Affair Ministries, Inc.

Management is responsible for the accompanying financial statements of Family Affair Ministries, Inc., which comprise the statements of financial position as of December 31, 2019 and 2018, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
August 3, 2020

FAMILY AFFAIR MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	ASSETS	2019	2018
Cash		\$ 22,590	\$ 16,678
Prepaid expenses		4,959	7,208
Equipment and furnishings, net		<u>2,206</u>	<u>3,137</u>
TOTAL ASSETS		<u>\$ 29,755</u>	<u>\$ 27,023</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable		\$ 1,138	\$ 10,338
Payroll liabilities		-	1,434
Total Liabilities		<u>1,138</u>	<u>11,772</u>
NET ASSETS - Without Donor Restrictions		<u>28,617</u>	<u>15,251</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 29,755</u>	<u>\$ 27,023</u>

See the accompanying notes and independent accountants' compilation report.

FAMILY AFFAIR MINISTRIES, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenues and support		
Contributions	\$ 63,894	\$ 140,891
In-kind contributions	<u>66,888</u>	<u>88,000</u>
Total revenues and support without donor restrictions	<u>130,782</u>	<u>228,891</u>
 Expenses		
Program services	86,089	153,214
Supporting services		
Management and general	28,160	63,471
Fundraising	<u>3,167</u>	<u>5,104</u>
Total Expenses	<u>117,416</u>	<u>221,789</u>
 INCREASE IN NET ASSETS	 13,366	 7,102
 NET ASSETS - BEGINNING OF YEAR	 <u>15,251</u>	 <u>8,149</u>
 NET ASSETS - END OF YEAR	 <u><u>\$ 28,617</u></u>	 <u><u>\$ 15,251</u></u>

See the accompanying notes and independent accountants' compilation report.

FAMILY AFFAIR MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	
Facility rent	\$ 55,620	\$ 6,180	\$ -	\$ 61,800
Salaries, wages and benefits	17,313	-	-	17,313
Supplies	5,511	2,756	918	9,185
Travel	1,411	5,645	-	7,056
Phones and internet	1,216	4,865	-	6,081
Insurance	1,994	1,994	-	3,988
Professional services	300	3,500	-	3,800
Miscellaneous	-	2,881	-	2,881
Subscriptions	-	-	2,249	2,249
Bus transportation	1,100	-	-	1,100
Depreciation	931	-	-	931
Benevolence	693	-	-	693
Interest	-	339	-	339
Total functional expenses	<u>\$ 86,089</u>	<u>\$ 28,160</u>	<u>\$ 3,167</u>	<u>\$ 117,416</u>

See the accompanying notes and independent accountants' compilation report.

FAMILY AFFAIR MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>	
Facility rent	\$ 79,620	\$ 6,180	\$ -	\$ 85,800
Salaries, wages and benefits	53,512	32,288	5,104	90,904
Supplies	8,505	2,126	-	10,631
Travel	1,521	6,086	-	7,607
Phones and internet	1,205	4,822	-	6,027
Insurance	2,950	2,949	-	5,899
Professional services	-	3,150	-	3,150
Miscellaneous	-	3,083	-	3,083
Subscriptions	-	2,787	-	2,787
Bus transportation	2,200	-	-	2,200
Depreciation	932	-	-	932
Benevolence	2,769	-	-	2,769
	<u>2,769</u>	<u>-</u>	<u>-</u>	<u>2,769</u>
Total functional expenses	<u>\$ 153,214</u>	<u>\$ 63,471</u>	<u>\$ 5,104</u>	<u>\$ 221,789</u>

See the accompanying notes and independent accountants' compilation report.

FAMILY AFFAIR MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities		
Increase in net assets	\$ 13,366	\$ 7,102
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	931	932
Change in:		
Prepaid expenses	2,249	(7,208)
Accounts payable	(9,200)	9,354
Payroll liabilities	(1,434)	(327)
	5,912	9,853
 NET INCREASE IN CASH	 5,912	 9,853
 CASH - BEGINNING OF YEAR	 16,678	 6,825
	\$ 22,590	\$ 16,678
 Supplemental Disclosures of Cash Flows Information		
Cash payments for interest	\$ 339	\$ -
	\$ 339	\$ -

See the accompanying notes and independent accountants' compilation report.

FAMILY AFFAIR MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (COMPILED)
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Family Affair Ministries, Inc. (the "Ministry") is a Tennessee not-for-profit corporation that provides support and enrichment to restore families and rebuild communities through God's hands extended. The Ministry is supported primarily by individual contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Ministry have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which require the Ministry to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Ministry or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Equipment and Furnishings and Depreciation

The Ministry follows the practice of capitalizing, at cost, all expenditures for equipment and furnishings in excess of \$500. Donations of equipment and furnishings are recorded as revenues at their estimated fair value. Such donations are reported as unrestricted revenues unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities for the period. Depreciation is provided over the estimated useful life on a straight-line method.

Management reviews long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The amount of any impairment so identified is charged to operations in the period determined.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Ministry is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

Contributions

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. 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 statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire during the year in which the contributions are recognized.

See independent accountants' compilation report.

FAMILY AFFAIR MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (COMPILED) (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

In-kind contributions are reflected at estimated fair value at the date of donation and are reported as unrestricted support unless specific donor stipulations specify how the donated assets must be used. All donated services recognized created non-financial assets or required specialized skills that would have been purchased is not donated.

Functional Expenses

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

<u>Expense</u>	<u>Method of Allocation</u>
Salaries, wages and benefits	Time and effort
Facility rent	Facility square footage
Supplies	Time and effort
Travel	Time and effort
Phones and internet	Time and effort
Insurance	Time and effort

NOTE 3 - AVAILABILITY AND LIQUIDITY

The Ministry's financial assets available to meet general expenditures over the next twelve months totaled \$22,590 and \$16,678 as of December 31, 2019 and 2018, respectively. As part of its liquidity plan, the Ministry has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Ministry receives year-round donations from individuals and the Ministry makes specific appeals at strategic times of the year for specific projects.

NOTE 4 - EQUIPMENT AND FURNISHINGS

Equipment and furnishings consist of the following as of December 31:

	2019	2018
Equipment	\$ 3,800	\$ 3,800
Furniture	<u>1,200</u>	<u>1,200</u>
	5,000	5,000
Accumulated depreciation	<u>(2,794)</u>	<u>(1,863)</u>
	<u>\$ 2,206</u>	<u>\$ 3,137</u>

Depreciation expense was \$931 and \$932 for 2019 and 2018, respectively.

NOTE 5 - LINE OF CREDIT

The Ministry has a \$30,000 line of credit with a local bank. The loan calls for an interest rate of Prime + 1.25% with a floor of 4.00%. The loan renews annually on January 1st of each year and matures at the calendar year end. The loan is guaranteed by the Ministry's officers. There were no amounts outstanding at December 31, 2019 or 2018.

See independent accountants' compilation report.

FAMILY AFFAIR MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (COMPILED) (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 6 - IN-KIND CONTRIBUTIONS

The following in-kind contributions have been included in unrestricted revenues and expenses in the statements of activities for the year ended December 31:

	2019	2018
Facility rent	\$ 61,800	\$ 85,800
Insurance	3,988	-
Bus transportation	<u>1,100</u>	<u>2,200</u>
	<u>\$ 66,888</u>	<u>\$ 88,000</u>

NOTE 7 - CONCENTRATIONS

Of the Ministry's total revenues and support for 2019, approximately 51% represents funds received from in-kind contributions (see Note 6). No other revenue and support source represents 10% or more of total revenues and support.

Of the Ministry's total revenues and support for 2018, approximately 85% represents funds received from a related party (see Note 9) and in-kind contributions (see Note 6). No other revenue and support source represents 10% or more of total revenues and support.

NOTE 8 - LEASING ARRANGEMENTS

The Ministry provides programing at one (two in 2018) locations. Generally, this ministry space is provided free of charge. Accordingly, in-kind contribution and facility rent expense has been recorded on the statements of activities to reflect this relationship (see Note 6). As more fully described in Note 9, the Ministry also used ministry space that was provided by a related party in 2018.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Ministry is closely affiliated with Family Affair Ministries Fellowship ("Fellowship") which is the church that started Family Affair Ministries, Inc. The two organizations have common members in key leadership positions and share facilities, vehicles, and supplies. Reimbursements are sometimes made between the two organizations when practical.

In 2019, the pastors of Fellowship and other Fellowship volunteers provided the day-to-day leadership, management and financial oversight for the Ministry, at no charge, at an estimated value of \$166,000. These donated services have not been reflected in the accompanying financial statements because they did not meet the criteria for recognition. Additionally, the Fellowship provided the insurance and provided the usage of a bus for the ministry which resulted in recorded in-kind contributions of \$3,988 and \$1,100 respectively.

In 2018, the Fellowship contributed cash totaling \$100,000 toward the operations of the Ministry. The Fellowship provided the usage of a bus which resulted in an in-kind contribution of \$2,200. Additionally in 2018, the Ministry used the Fellowship's church facility as one of its program locations for which the Ministry recorded facility rent of \$24,000 which is also included in in-kind contributions.

See independent accountants' compilation report.

FAMILY AFFAIR MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS (COMPILED) (CONTINUED)
YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 10 - SUBSEQUENT EVENTS

The Ministry has evaluated subsequent events through August 3, 2020 which is the date the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Ministry operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Ministry, to date, the Ministry is experiencing a decline in its revenues and its ability to perform activities at its normal pace. The Ministry filed for assistance under the CARES Act, Paycheck Protection Program and received a relief loan totaling \$3,500 on May 22, 2020.

See independent accountants' compilation report.