

# **Delight Ministries, Inc.**

Financial Statements  
For the Years Ended December 31, 2021 and 2020

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**Contents**

<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9 - 13



## **Independent Auditor's Report**

Board of Directors  
Delight Ministries, Inc.

### **Opinion**

We have audited the financial statements of Delight Ministries, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Brentwood, Tennessee  
June 17, 2022

**Delight Ministries, Inc.**  
**Statements of Financial Position**  
**December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash	\$ 344,392	\$ 198,877
Inventories	18,921	24,228
Prepaid expenses	3,200	-
Other assets	-	33,927
Property and equipment, net	<u>1,277</u>	<u>4,244</u>
Total assets	<b>\$ 367,790</b>	<b>\$ 261,276</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 30,501	\$ 33,444
Net assets		
Without donor restrictions	160,130	144,940
With donor restrictions	<u>177,159</u>	<u>82,892</u>
Total net assets	<u>337,289</u>	<u>227,832</u>
Total liabilities and net assets	<b>\$ 367,790</b>	<b>\$ 261,276</b>

**Delight Ministries, Inc.**  
Statement of Activities  
For the Year Ended December 31, 2021

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Revenues and Other Support</b>			
Contributions	\$ 492,624	\$ 177,159	\$ 669,783
Merchandise sales	395,555	-	395,555
Other revenues	67,454	-	67,454
Net assets released from restrictions	<u>82,892</u>	<u>(82,892)</u>	<u>-</u>
Total revenues and other support	1,038,525	94,267	1,132,792
<b>Expenses</b>			
Program services	790,874	-	790,874
Management and general	202,681	-	202,681
Fundraising	<u>29,780</u>	<u>-</u>	<u>29,780</u>
Total expenses	1,023,335	-	1,023,335
Change in net assets	15,190	94,267	109,457
Net assets, beginning of year	<u>144,940</u>	<u>82,892</u>	<u>227,832</u>
Net assets, end of year	<b>\$ 160,130</b>	<b>\$ 177,159</b>	<b>\$ 337,289</b>

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

	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Revenues and Other Support</b>			
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
<b>Expenses</b>			
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	<b>\$ 144,940</b>	<b>\$ 82,892</b>	<b>\$ 227,832</b>

**Delight Ministries, Inc.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

	<b>Program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 363,548	\$ 81,116	\$ 20,804	\$ 465,468
Employee benefits	34,302	7,653	1,963	43,918
Advertising and promotion	5,680	-	1,420	7,100
Contract services	19,156	-	-	19,156
Cost of merchandise sold	134,771	-	-	134,771
Depreciation	-	2,967	-	2,967
Dues and subscriptions	23,236	-	-	23,236
Events expense	73,792	-	-	73,792
Gifts and awards	2,644	3,914	-	6,558
Insurance	-	4,629	-	4,629
Meals and entertainment	20,567	-	-	20,567
Professional fees	-	43,871	-	43,871
Rent	-	38,400	-	38,400
Shipping	35,596	-	-	35,596
Supplies	504	2,641	5,593	8,738
Taxes and licenses	-	10,790	-	10,790
Training	22,811	-	-	22,811
Travel	18,447	-	-	18,447
Utilities and telephone	6,188	-	-	6,188
Bank charges/merchant fees	29,632	-	-	29,632
Miscellaneous	-	6,700	-	6,700
	<b>\$ 790,874</b>	<b>\$ 202,681</b>	<b>\$ 29,780</b>	<b>\$ 1,023,335</b>



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

	<b>Program services</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and wages	\$ 295,561	\$ 61,583	\$ 17,644	\$ 374,788
Employee benefits	18,490	7,168	2,054	27,712
Advertising and promotion	11,258	-	2,815	14,073
Contract services	17,546	-	-	17,546
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
	<b>\$ 589,283</b>	<b>\$ 141,937</b>	<b>\$ 24,516</b>	<b>\$ 755,736</b>

**Delight Ministries, Inc.**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2021 and 2020

	<b>2021</b>	<b>2021</b>
Cash, beginning of year	\$ 198,877	\$ 172,827
<b>Cash flows from operating activities</b>		
Change in net assets	109,457	32,762
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,967	1,823
Change in:		
Inventories	5,307	(19,677)
Prepaid expenses	(3,200)	-
Other assets	33,927	10,909
Accounts payable and accrued expenses	<u>(2,943)</u>	<u>(9,275)</u>
Net cash provided (used) by operating activities	145,515	16,542
<b>Cash flows from investing activities</b>		
Proceeds from sale of For the Girl	-	9,508
Net change in cash	<u>145,515</u>	<u>26,050</u>
Cash, end of year	<b>\$ 344,392</b>	<b>\$ 198,877</b>

**Delight Ministries, Inc.**  
Notes to Financial Statements  
For the Years Ended December 31, 2021 and 2020

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**Note 1. Summary of Significant Accounting Policies**

**Nature of Activities**

Delight Ministries, Inc. (the "Organization") 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 the Organization 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 the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets 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 the Organization or by the passage of time.

**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.

**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. The Organization 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, 2021, no assets were considered to be impaired.

**Delight Ministries, Inc.**  
Notes to Financial Statements  
For the Years Ended December 31, 2021 and 2020

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**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.

**Merchandise Sales**

Merchandise sales consist of the sale of devotional books, apparel and other branded merchandise. Revenue is recognized when the order is fulfilled.

**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 the Organization 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, 2021 and 2020. A number of unpaid volunteers have made significant contributions of their time to assist The Organization 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 statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas have been allocated among the programs and supporting services as follows:

	<b>Method of allocation</b>
Employee benefits	Time and effort
Salaries and wages	Time and effort

**Delight Ministries, Inc.**  
Notes to Financial Statements  
For the Years Ended December 31, 2021 and 2020

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**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**

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred.

**Income Taxes**

The Organization 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 years ended December 31, 2021 and 2020, The Organization recorded \$10,790 and \$6,983, respectively, in unrelated business income tax which was included in "Taxes and licenses" on the statement of functional expenses.

US GAAP requires The Organization' management to evaluate tax positions taken by the Organization 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 the Organization and has concluded that as of December 31, 2021, 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. The Organization could be subject to routine audits by taxing jurisdiction, however, there are currently no audits for any tax periods in progress. The Organization is no longer subject to routine audits by taxing jurisdictions for any tax periods before 2018.

**Use of Estimates**

The preparation of the Organization's 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.

**Reclassifications**

Certain prior year amounts have been reclassified for consistency with current year presentation. These reclassifications had no effect on the reported results of operations.

**Delight Ministries, Inc.**  
Notes to Financial Statements  
For the Years Ended December 31, 2021 and 2020

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**Note 2. Availability and Liquidity**

The following represents the Organization's financial assets at December 31:

	<b>2021</b>	<b>2020</b>
Financial assets, at year-end		
Cash	\$ 344,392	\$ 198,877
Inventories	18,921	24,228
Other assets	<u>-</u>	<u>33,927</u>
Total financial assets at year-end	363,313	257,032
Less amounts not available to be used within one year		
Net assets with donor restrictions	<u>(177,159)</u>	<u>(82,892)</u>
Financial assets available to meet general expenditures for the next 12 months	<b>\$ 186,154</b>	<b>\$ 174,140</b>

As part of its liquidity plan, the Organization 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**

The Organization 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. As of December 31, 2021, The Organization held \$86,000 in a financial institution in excess of the amounts insured by FDIC. All cash balances as of December 31, 2020, are insured by FDIC.

There is not a concentration of risk related to revenue for the year ended December 31, 2021. One donor represented 11% of total revenues for the years ended December 31, 2020.

**Note 4. Property and Equipment**

Property and equipment consist of the following at December 31:

	<b>2021</b>	<b>2020</b>
Equipment and furniture	\$ 18,644	\$ 18,644
Less: accumulated depreciation	<u>(17,367)</u>	<u>(14,400)</u>
	<b>\$ 1,277</b>	<b>\$ 4,244</b>

**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, 2021 and 2020

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**Note 6. Operating Lease**

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

Year ended December 31,		
2022	\$	38,400

**Note 7. Employee Benefit Plan**

The Organization 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 Organization may make discretionary contributions from year to year. The Organization made discretionary contributions of \$8,323 and \$6,684 for the years ended December 31, 2021 and 2020, respectively.

**Note 8. PPP Loan**

On April 21, 2020, the Organization 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 for the year ended December 31, 2020.

On April 21, 2021, the Organization received a Second Draw PPP loan in the amount of \$36,185. The Organization has applied for full forgiveness and expects that this loan will be fully forgiven. As such, it has recorded the loan proceeds as other revenues in the statement of activities for the year ended December 31, 2021.

**Note 9. Sale of For the Girl**

On December 20, 2020, the Organization 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 June 17, 2022, the date on which the financial statements were available to be issued.