



FAMILY FOUNDATION FUND  
*Restoring Fatherhood*

## **Financial Statements**

# **Family Foundation Fund, Inc.**

**December 31, 2013**

**FAMILY FOUNDATION FUND, INC.**

**Financial Statements**

**December 31, 2013**

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**RAYBURN, BATES & FITZGERALD, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**Independent Accountants' Review Report**

To the Board of Directors  
Family Foundation Fund, Inc.  
Nashville, Tennessee

We have reviewed the accompanying statement of financial position of Family Foundation Fund, Inc. (the Foundation) as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Foundation 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 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

*Rayburn Bates & Fitzgerald, PC*

September 11, 2014



FAMILY FOUNDATION FUND, INC.

Statement of Financial Position

December 31, 2013

Assets

Cash and cash equivalents	\$ 64,206
Accounts receivable, net of allowance for doubtful accounts and discounts of \$1,720 (note 3)	45,745
Inventory	7,064
Investments (note 2)	1,500
Property and equipment, net of accumulated depreciation of \$51,837 (note 4)	<u>183,554</u>
Total assets	<u>\$ 302,069</u>

Liabilities and Net Assets

Liabilities -	
Accounts payable	\$ <u>6,753</u>
Total liabilities	<u>6,753</u>
Net assets (note 5):	
Unrestricted:	
Designated	12,817
Undesignated	<u>251,936</u>
	264,753
Temporarily restricted	<u>30,563</u>
Total net assets	<u>295,316</u>
Total liabilities and net assets	<u>\$ 302,069</u>

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



**FAMILY FOUNDATION FUND, INC.**

**Statement of Activities**

**For the Year Ended December 31, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Donations	\$ 328,738	-	328,738
Other	18	-	18
Net assets released from restrictions	<u>6,787</u>	<u>(6,787)</u>	<u>-</u>
	<u>335,543</u>	<u>(6,787)</u>	<u>328,756</u>
Expenses:			
Education and support	263,924	-	263,924
Management and general	132,860	-	132,860
Fundraising	<u>68,866</u>	<u>-</u>	<u>68,866</u>
	<u>465,650</u>	<u>-</u>	<u>465,650</u>
Change in net assets	(130,107)	(6,787)	(136,894)
Net assets, December 31, 2012	<u>394,860</u>	<u>37,350</u>	<u>432,210</u>
Net assets, December 31, 2013	<u>\$ 264,753</u>	<u>30,563</u>	<u>295,316</u>

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



**FAMILY FOUNDATION FUND, INC.**

**Statement of Functional Expenses**

**For the Year Ended December 31, 2013**

	Program Services	Supporting Services		
	Education and Support	Management and General	Fund Raising	Total
Salaries	\$ 89,769	53,861	35,907	179,537
Retirement expense	31,091	31,092	-	62,183
Advertising	1,828	-	5,482	7,310
Automobile	11,681	5,841	5,840	23,362
Bank service charges	-	2,160	-	2,160
Charitable donations	5,425	-	-	5,425
Communications	3,402	2,721	680	6,803
Professional services	3,067	9,199	-	12,266
Special events and fundraiser	-	-	17,720	17,720
Supplies	1,525	1,525	762	3,812
Travel	2,253	751	-	3,004
Postage and shipping	2,475	4,949	2,475	9,899
Occupancy	-	7,620	-	7,620
Dues and subscriptions	-	1,003	-	1,003
Gifts and incentives	1,036	-	-	1,036
Insurance	5,170	5,170	-	10,340
Repairs and maintenance	118	117	-	235
General program expense	97,267	-	-	97,267
Taxes, licenses, and permits	-	577	-	577
Utilities	257	2,311	-	2,568
Unrealized loss on investment	-	910	-	910
Loss on disposition	-	93	-	93
Miscellaneous	-	440	-	440
Total expenses before depreciation	256,364	130,340	68,866	455,570
Depreciation	7,560	2,520	-	10,080
Total expenses	<u>\$ 263,924</u>	<u>132,860</u>	<u>68,866</u>	<u>465,650</u>

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



**FAMILY FOUNDATION FUND, INC.**

**Statement of Cash Flows**

**For the Year Ended December 31, 2013**

Cash flows from operating activities:	
Change in net assets	\$ (136,894)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	10,080
Unrealized loss on investments	910
Loss from disposition of property and equipment	93
Provision for uncollectible pledges and discount to present value	(480)
Increase in accounts receivable	(7,595)
Decrease in inventory	720
Decrease in accounts payable	<u>(19,736)</u>
Net cash used by operating activities	<u>(152,902)</u>
Cash flows from investing activities -	
Purchase of property and equipment	<u>(333)</u>
Net cash used by investing activities	<u>(333)</u>
Net decrease in cash and cash equivalents	(153,235)
Cash and cash equivalents at beginning of year	<u>217,441</u>
Cash and cash equivalents at end of year	\$ <u><u>64,206</u></u>

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



# **FAMILY FOUNDATION FUND, INC.**

## **Notes to Financial Statements**

**For the Year Ended December 31, 2013**

**(1) Nature of Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

Family Foundation Fund, Inc. (the Foundation) is a nonprofit organization that is designed to provide mentoring to fatherless and disadvantaged boys, ages ten years and older in the Nashville and Middle Tennessee area. The young boys are provided with Christian surrogate fathers to nurture them into mature, responsible adults. They also are provided with tuition assistance for private Christian education as well as summer mentoring programs.

**Summary of Significant Accounting Policies**

**Basis of Presentation**

Financial statement presentation follows requirements of the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) 958. The significant accounting policies followed are described below:

**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.

**Revenue Recognition**

Contributions received are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Pledge Contributions**

The Foundation recognizes pledge contributions when an unconditional promise to give is received. Pledge contributions are recorded at net realizable value and certain pledges are discounted to present value, depending on when they are scheduled to be received.

**Cash Equivalents**

Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase.

**Inventory**

Inventory consists of paperback copies of books written by the founder of the Foundation. Inventory is valued at the lower of cost or market. Cost is determined by the first-in, first-out method (FIFO).



**FAMILY FOUNDATION FUND, INC.**

**Notes to Financial Statements, (Continued)**

**For the Year Ended December 31, 2013**

- (1) Nature of Organization and Summary of Significant Accounting Policies, (Continued)  
Summary of Significant Accounting Policies, (Continued)

Property and Equipment

Property and equipment is stated at cost when purchased and fair value if contributed. It is the Foundation's policy to capitalize major purchases. Lesser amounts are expensed. Equipment, furniture, buildings and automobiles are depreciated over their estimated useful lives which range from three to forty years, using the straight-line method of depreciation.

Functional Allocation of Expenses

The costs of providing the Foundation's various programs and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

Income taxes are not provided for in the financial statements, since the Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to federal income tax and state franchise and excise taxes on unrelated business income activities. The Foundation does expect to engage in activities that would generate unrelated business income tax. The tax years from December 31, 2009 and forward remain open to tax audit.

Use of Estimates

The preparation of 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 amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Donated Materials and Services

Donated materials, property or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market 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 Foundation's program services and fundraising campaigns.



## FAMILY FOUNDATION FUND, INC.

### Notes to Financial Statements, (Continued)

For the Year Ended December 31, 2013

(1) Nature of Organization and Summary of Significant Accounting Policies, (Continued)  
Summary of Significant Accounting Policies, (Continued)

Fair Values

The Foundation has an established process for determining fair values. 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. Furthermore, while the Foundation 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. Generally accepted accounting principles have a three-level valuation hierarchy for fair value measurements. Assets and liabilities are categorized within the valuation hierarchy based upon the lowest level of input that is significant to the fair value measurement. The three levels are explained as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

(2) Investments

Investments are carried at quoted market prices and following are the aggregate carrying values by investment type at December 31, 2013:

	Cost	Fair Value
Common stock	\$ 37,106	-
Bonds	500	500
Real estate investment trusts	1,000	1,000
	<u>\$ 38,606</u>	<u>1,500</u>



**FAMILY FOUNDATION FUND, INC.**

**Notes to Financial Statements, (Continued)**

**For the Year Ended December 31, 2013**

(3) Unconditional Promises to Give

Unconditional promises to give at December 31, 2013 are as follows:

Due within one year	\$ 40,782
Due in two to five years	<u>6,683</u>
	47,465
Less allowance for uncollectible pledges	(1,000)
Discount to present value	<u>(720)</u>
Present value of pledges receivable	<u>\$ 45,745</u>

The discount rate used to determine the present value of promises to give was 1.72%.

(4) Property and Equipment

A summary of property and equipment at December 31, 2013 as follows:

Land and land improvements	\$ 202,921
Automobiles	15,346
Furniture and fixtures	<u>17,124</u>
	235,391
Less accumulated depreciation	<u>(51,837)</u>
	<u>\$ 183,554</u>

(5) Net Assets

Unrestricted designated net assets of \$12,817 are designated for funding retirement for the Executive Director and Administrative Assistant. Designated funds can be changed at the Board of Directors' discretion.

Temporarily restricted net assets available in future periods available for operating expenses of the Foundation after December 31, 2013 were \$30,563.



**FAMILY FOUNDATION FUND, INC.**  
**Notes to Financial Statements, (Continued)**

**For the Year Ended December 31, 2013**

**(6) Fair Value Measurements**

The following table presents the assets and liabilities carried at fair value as of December 31, 2013, by caption on the statements of financial position and by FASB ASC 820-10 hierarchy and subject to measurement on a recurring basis:

	<u>Carrying Value</u>	<u>Value Level 1</u>	<u>Value Level 2</u>	<u>Value Level 3</u>
<b>Assets:</b>				
Bonds	\$ 500	-	-	500
Real estate investment trusts	1,000	-	-	1,000
Total assets at fair value	<u>\$ 1,500</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
<b>Liabilities:</b>				
	\$ -	-	-	-
Total liabilities at fair value	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

The valuation methodologies used for assets measured at fair value, including their general classification based on the fair value hierarchy for bonds and real estate investment trusts are based on inputs to the valuation methodology are unobservable and significant to the fair value measurement, thus the instruments are classified within Level 3 of the valuation hierarchy. The sensitivity to fair value changes is deemed low for the bonds and real estate investment trusts to the limited trade transactions of 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 following table details the activity for the year ended December 31, 2013 for assets valued using level 3 of the valuation hierarchy:

Fair value at January 1	\$ 1,500
Unrealized gains included in temporarily restricted net assets	-
Fair value at December 31	<u>\$ 1,500</u>



**FAMILY FOUNDATION FUND, INC.**

**Notes to Financial Statements, (Continued)**

**For the Year Ended December 31, 2013**

(7) Employee Benefits

In April 2013, the Board of Directors voted to designate \$75,000 to fund retirement for the Executive Director and Administrative Assistant. The retirement accounts are not controlled or maintained by the Foundation. In the year end December 31, 2013, \$62,183 was paid out to the retirement funds.

(8) Subsequent Events

Management has evaluated subsequent events through September 11, 2014, the date on which the financial statements were available to be issued.