

THE F.I.N.D. DESIGN, INC.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The F.I.N.D. Design, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of The F.I.N.D. Design, Inc. (a nonprofit organization) (the "Organization"), 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.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brown & Maguire CPAs, PLLC
Nashville, Tennessee
July 26, 2021

THE F.I.N.D. DESIGN, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS

Current Assets:

Cash and cash equivalents	\$ 87,853
Accounts receivable, net	20,000
Total current assets	<u>107,853</u>

Fixed Assets:

Furniture	1,925
Equipment	1,750
Accumulated depreciation	(1,250)
Total fixed assets	<u>2,425</u>

Total assets	<u><u>\$ 110,278</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	\$ 7,586
Loan payable	15,000
Total current liabilities	<u>22,586</u>

Long-term Liabilities:

EIDL loan	60,000
Total liabilities	<u>82,586</u>

Net Assets:

With donor restrictions	20,000
Without donor restrictions	7,692
Total net assets	<u>27,692</u>

Total liabilities and net assets	<u><u>\$ 110,278</u></u>
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The accompanying notes are an integral part of these financial statements.

THE F.I.N.D. DESIGN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Corporate and foundation contributions	\$ 22,410	\$ 97,700	\$ 120,110
Maddox Fund grant	20,000	20,000	40,000
Individual contributions	13,456	-	13,456
Program revenue	19,695	-	19,695
PPP forgiveness	16,000	-	16,000
In-kind revenue	97,905	-	97,905
Interest income	7	-	7
Net assets released from restrictions	97,700	(97,700)	-
Total support and revenue	<u>287,173</u>	<u>20,000</u>	<u>307,173</u>
Expenses			
Program services	268,632	-	268,632
Management and general	21,324	-	21,324
Fundraising	-	-	-
Total expenses	<u>289,956</u>	<u>-</u>	<u>289,956</u>
Change in net assets	(2,783)	20,000	17,217
Net assets at beginning of year	10,475	-	10,475
Net assets at end of year	<u>\$ 7,692</u>	<u>\$ 20,000</u>	<u>\$ 27,692</u>

The accompanying notes are an integral part of these financial statements.

THE F.I.N.D. DESIGN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services		
	Youth Development	Management and General	Fundraising	Total
Accounting	\$ -	\$ 1,209	\$ -	\$ 1,209
Bank fees	-	125	-	125
Computer and software	4,183	-	-	4,183
Depreciation	625	-	-	625
Insurance	1,253	-	-	1,253
Interest	635	-	-	635
Licenses	-	216	-	216
Marketing	3,500	-	-	3,500
Miscellaneous	91	-	-	91
Payroll expenses	130,324	19,474	-	149,798
Postage and shipping	164	-	-	164
Printing	30	-	-	30
Professional services	76,546	300	-	76,846
Rent	36,000	-	-	36,000
Supplies	10,935	-	-	10,935
Training	1,822	-	-	1,822
Travel	226	-	-	226
Utilities	2,298	-	-	2,298
Total expenses	<u>\$ 268,632</u>	<u>\$ 21,324</u>	<u>\$ -</u>	<u>\$ 289,956</u>

The accompanying notes are an integral part of these financial statements.

THE F.I.N.D. DESIGN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:

Increase in net assets	\$ 17,217
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	625
Increase in accounts receivable	(20,000)
Increase in accrued expenses	7,077
Increase in loan payable	15,000
Net cash provided by operating activities	<u>19,919</u>

Cash flows from investing activities

Net cash provided by (used in) investing activities	<u>-</u>
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Cash flows from financing activities

Proceeds from EIDL loan	<u>60,000</u>
Net cash provided by financing activities	<u>60,000</u>

Net increase in cash and cash equivalents	79,919
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Cash and cash equivalents, at beginning of the period	<u>7,934</u>
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Cash and cash equivalents, at end of the period	<u><u>\$ 87,853</u></u>
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Cash paid for interest	<u><u>\$ 635</u></u>
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Cash paid for taxes	<u><u>\$ -</u></u>
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The accompanying notes are an integral part of these financial statements.

THE F.I.N.D. DESIGN, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020

1. Description of the Organization and Summary of Significant Accounting Policies

The F.I.N.D. Design, Inc. (the “Organization”) was formed in Tennessee in 2014 to serve middle and high school black girls and other girls of color through culturally relevant African American-centric models. With an emphasis on girls that are high risk or have already interacted with the juvenile court system, the Organization partners with public school systems and courts to offer services that promote healing and safety. As part of its mission to empower girls of color, the Organization provides group mentoring that includes life training with social and emotional development skills. The Organization uses trained volunteers as well as paid professionals and is supported primarily through revenue from grants. A board of directors governs the Organization.

Basis of Presentation

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents.

Contributions and Support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Approximately 37.94% of the Organization’s support for the year ended December 31, 2020 came from two donors.

Donated Materials and Services

The Organization may receive services, equipment and material without payment or compensation. Donated materials are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of unpaid volunteers have made contributions of their time to provide youth development services. However, these services do not meet the requirements above and have not been recorded.

THE F.I.N.D. DESIGN, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

Property and Depreciation

Property and equipment are recorded at cost or at fair value as of the date purchased or contributed. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated lives of the respective assets ranging from five to seven years.

Income Taxes

The Organization, which is not a private foundation, is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Additionally, as of December 31, 2020 the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense. The Organization is no longer subject to examination by federal and state taxing authorities for tax years ending prior to the tax year ended December 31, 2017.

Program and Supporting Services

The following program and supporting services were included in the accompanying financial statements.

Program Services—Includes activities carried out to fulfill the Organization's mission to empower girls of color through group mentoring that includes life training with social and emotional development skills

Management and General—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis as program or management and general in the statements of functional expenses. Additionally, the statement of activities and functional expense reports certain expenses as being attributable to both program and management functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

Marketing Costs

Marketing costs are expensed as incurred. There was \$3,500 of marketing expense incurred during the year ended December 31, 2020.

THE F.I.N.D. DESIGN, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Organization to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2020, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets	<u>\$ 107,853</u>
Financial assets available to meet cash needs for general expenditures within one year.....	<u>\$ 107,853</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

3. Accrued Expenses

Accrued expenses at December 31, 2020 consisted of payroll and payroll tax liabilities of \$7,586.

4. Loan Payable

The loan payable balance at December 31, 2020 represents an interest free loan made to the Organization by the Executive Director to cover operational expenses. The Organization repaid the loan in February 2021.

5. PPP Loan

On April 27, 2020, the Organization was granted a loan (the "Loan") from First Farmers Bank in the aggregate amount of \$16,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

THE F.I.N.D. DESIGN, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

The Loan, which was in the form of a note dated April 27, 2020 issued to the Organization, was scheduled to mature on April 27, 2022 and bore interest at a rate of 1% per annum, payable monthly commencing on October 27, 2020. The Loan could have been prepaid by the Organization at any time prior to maturity with no prepayment penalties. The proceeds of the PPP Loan were available to be used for payroll costs, including salaries, commissions, and similar compensation, group health care benefits, and paid leaves; rent; utilities; and interest on certain other outstanding debt. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In November 2020, the Organization was granted forgiveness on the entire amount of the Loan. The Loan forgiveness is reflected in the Organization's Statement of Activities for the year ended December 31, 2020.

6. EIDL Loan

On August 27, 2020, the Organization entered into a loan authorization and loan agreement with the United States Small Business Administration (the "SBA"), as lender, pursuant to the SBA's Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on the Organization's business (the "EIDL Loan Agreement") encompassing a \$60,000 promissory note issued to the SBA (the "EIDL Note")(together with the EIDL Loan Agreement, the "EIDL Loan").

The proceeds of the EIDL Loan will be used by the Organization as working capital to alleviate economic injury caused by COVID-19. The EIDL Loan is secured by a security interest on all of the Organization's assets and is payable over 30 years at an interest rate of 2.75% per annum. Under the EIDL Note, the Organization is required to pay principal and interest payments of \$257.00 every month beginning August 27, 2022. All remaining principal and accrued interest is due and payable on August 27, 2050. The EIDL Note may be repaid at any time without penalty.

Further maturities of the EIDL Loan for years subsequent to December 31, 2020 are as follows:

	Principle
2021	\$ -
2022	600
2023	1,469
2024	1,510
2025	1,552
Thereafter	54,869
Long-term debt obligations	<u>\$ 60,000</u>

THE F.I.N.D. DESIGN, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

7. Contributed Services and Items

The Organization receives donated items and services from volunteers and organizations, which provide various services. The contributions and related expenses were recorded at their estimated fair market value on the date of receipt. The related expenses were included in statement of functional expenses. For the year ended December 31, 2020, the Organization received in-kind contributions as follows:

Professional services.....	\$ 58,080
Rent.....	36,000
Advertising	2,500
Supplies.....	1,325
	<u>\$ 97,905</u>

8. Rent

The Organization operates primarily in office spaces, which is donated by Priest Lake Presbyterian Church. The Organization recognizes in-kind revenue and in-kind expense for rent each month, which is based on the fair market value of comparable space in the area.

9. Net Assets with Donor Restrictions

Changes in net assets with donor restrictions for the year ended December 31, 2020 were as follows:

	<u>Beginning of Year</u>	<u>Contributions With Donor Restrictions</u>	<u>Released Contributions With Donor Restrictions</u>	<u>End of Year</u>
Youth development	\$ -	\$ 125,550	\$ (105,550)	\$ 20,000
	<u>\$ -</u>	<u>\$ 125,550</u>	<u>\$ (105,550)</u>	<u>\$ 20,000</u>

10. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this Accounting Standards Update (“ASU”) supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The adoption of ASU 2016-02 is not expected to have an impact on the Organization’s financial statements.

THE F.I.N.D. DESIGN, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020

11. Uncertainties

In March 2020, the novel coronavirus (or “COVID-19”) was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in a significant change in the operation of many businesses, including having directly impacted operations of the Organization. The implications of COVID-19 to the Organization’s operations are still being evaluated and the duration and intensity of its impact is uncertain.

12. Subsequent Events

The Organization has evaluated all events or transactions that occurred after December 31, 2020, through July 26, 2021, the date these financial statements were issued. During this period, the Organization did not have any other material recognizable events that required recognition or disclosure in the December 31, 2020 financial statements.
