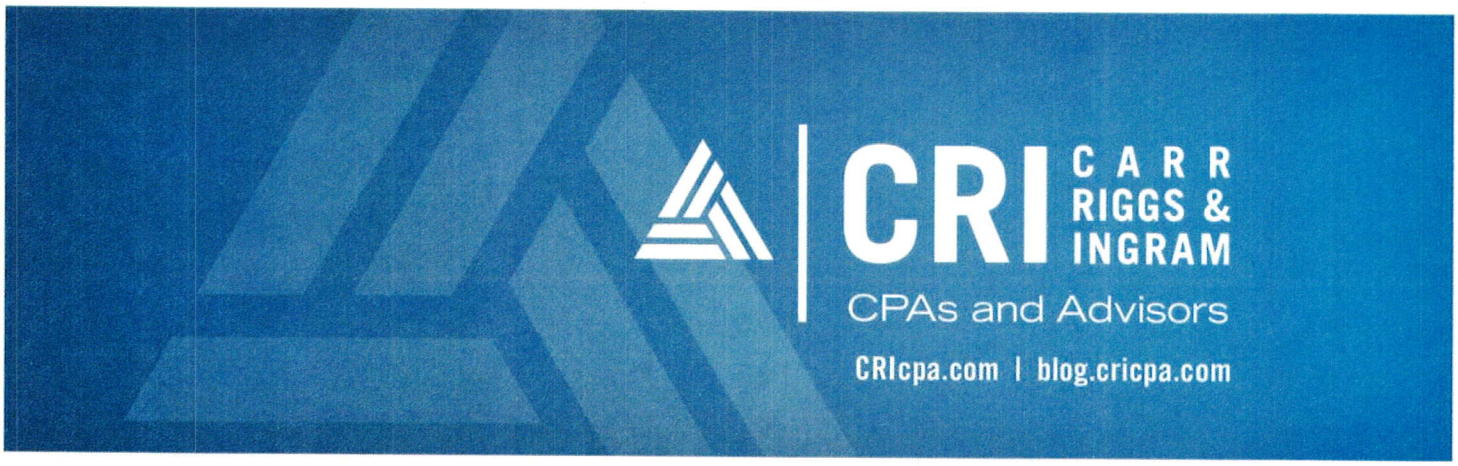
Family Foundation Fund, Inc.

FINANCIAL STATEMENTS

December 31, 2016



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

We have reviewed the accompanying financial statements of Family Foundation Fund, Inc. (the Foundation) which comprise the statement of financial position as of December 31, 2016, 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 the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountants' Responsibility

Our responsibility is to conduct the review 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 conformity with accounting principles generally accepted in the United States of America.

Carr, Riggs & Ingram, LLC

CARR, RIGGS & INGRAM, LLC
Nashville, Tennessee
August 31st, 2017

Family Foundation Fund, Inc.
Statement of Financial Position

December 31,		2016
ASSETS		
Cash and cash equivalents	$	45,741
Accounts receivable		6,756
Inventory		6,300
Investments		1,500
Property and equipment, net of accumulated depreciation of $83,855		190,355
TOTAL ASSETS	$	250,652
LIABILITIES		
Accounts payable	$	18,971
Retirement payable		17,150
Notes payable		12,000
TOTAL LIABILITIES		48,121
NET ASSETS:		
Unrestricted		202,531
TOTAL NET ASSETS		202,531
TOTAL LIABILITIES AND NET ASSETS	$	250,652

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

Family Foundation Fund, Inc.
Statement of Activities

For the Year Ended December 31,	2016
	Unrestricted
SUPPORT AND REVENUES	
Donations	$ 320,418
Other	84
TOTAL SUPPORT AND REVENUES	320,502
EXPENSES	
Education and support	204,565
Management and general	109,901
Fundraising	67,245
TOTAL EXPENSES	381,711
CHANGE IN NET ASSETS	(61,209)
NET ASSETS AT BEGINNING OF YEAR	263,740
NET ASSETS AT END OF YEAR	$ 202,531

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

Family Foundation Fund, Inc
Statement of Functional Expenses

For the Year Ended December 31, 2016

	Program Services	Supporting Services		
	Education and Support	Management and General	Fund Raising	Total
Salaries	$ 84,514	59,159	25,354	169,027
Retirement	3,702	3,702	-	7,404
Advertising	309	-	926	1,235
Automobile	9,610	4,805	4,805	19,220
Bank service charges	-	1,673	-	1,673
Charitable donations	3,899	-	-	3,899
Communications	2,601	2,080	520	5,201
Professional services	2,028	6,085	-	8,113
Special events and fundraiser	-	-	32,396	32,396
Supplies	2,385	2,385	1,192	5,962
Travel	3,749	1,250	-	4,999
Postage and shipping	2,052	4,104	2,052	8,208
Occupancy	-	8,804	-	8,804
Dues and subscriptions	-	505	-	505
Gifts and incentives	314	-	-	314
Insurance	7,220	7,220	-	14,440
Repairs and maintenance	292	293	-	585
Tuition	38,065	-	-	38,065
General program expense	31,966	-	-	31,966
Taxes, licenses, and permits	-	2,673	-	2,673
Utilities	140	1,257	-	1,397
TOTAL EXPENSES BEFORE DEPRECIATION	192,846	105,995	67,245	366,086
Depreciation	11,719	3,906	-	15,625
TOTAL EXPENSES	$ 204,565	109,901	67,245	381,711

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

Family Foundation Fund, Inc
Statement of Cash Flows

For the Years Ended December 31,		2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(61,209)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation		15,625
Decrease in accounts receivable		9,841
Decrease in inventory		315
Change in accounts payable		3,124
Change in loans payable		4,000
Change in retirement payable		2,150
NET CASH FROM OPERATING ACTIVITIES		(26,154)
CASH FROM INVESTING ACTIVITIES		
Purchase of property and equipment		(10,900)
NET CASH FROM INVESTING ACTIVITIES		(10,900)
NET CHANGE IN CASH AND CASH EQUIVALENTS		(37,054)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		82,795
CASH AND CASH EQUIVALENTS, END OF YEAR	$	45,741

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

NOTE 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.

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Summary of Significant Accounting Policies, (Continued)

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).

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, 2012 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.

NOTE 1: NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Summary of Significant Accounting Policies, (Continued)

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. Contributed services include agricultural work performed on the Son Farm and time given to the Mentor and Surrogate Father programs.

Advertising

The Foundation expenses advertising costs as they are incurred.

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.

NOTE 2: AGRICULTURAL ACTIVITIES

The Foundation has a farm which is operated by the boys and volunteers as part of the Mentorship program. Farm products are sold in units, individually or by the pound, with prices ranging from less than $1 to $8. Supplies are expensed in the current year, and no farm inventory is held at year end. Land development costs of $82,600 are being depreciated over 15 years.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2016 are as follows:

Pledges due within one year	$	-
Due in two to five years		-
Present value of pledges receivable		-
Other accounts receivable		6,756
	$	6,756

NOTE 4: INVESTMENTS

The following are aggregate carrying values by investment type at December 31, 2016:

		Cost	Fair Value
Bonds	$	500	500
Real estate investment trusts		1,000	1,000
Total Investments	$	1,500	1,500

Investment income for the year ended December 31, 2016 was $80.

NOTE 5: PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2016 follows:

Non-depreciable asset:		
Land	$	130,000
Depreciable assets:		
Land improvements		82,600
Automobiles		44,800
Furniture and fixtures		16,810
		144,210
Less accumulated depreciation		(83,855)
Net depreciable assets		60,355
Property and equipment, net	$	190,355

NOTE6: FAIR VALUE MEASUREMENTS

The following table presents the assets and liabilities carried at fair value as of December 31, 2016, by caption on the statements of financial position and by FASB ASC 820-10 hierarchy and subject to measurement on a recurring basis:

		Carrying Value	Value Level 1	Value Level 2	Value Level 3
ASSETS:					
Bonds	$	500	-	-	500
Real estate investment trusts		1,000	-	-	1,000
TOTAL ASSETS AT FAIR VALUE	$	1,500	-	-	1,500

There were no liabilities measured at fair value at December 31, 2016.

The fair values of the Foundation's investments, which include bonds and real estate investment trusts, are estimated based on discounted cash flows. The valuation methodologies used for these investments are based on inputs that 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. There was no change in the fair market value.

NOTE 7: EMPLOYEE BENEFITS

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. The Foundation adopted a Simple IRA plan in which employees receiving at least $5,000 in compensation are eligible to participate. The Foundation makes matching contributions to the plan of up to 3% of a participant's salary. During the year ended December 31, 2016, $10,000 of designated funds was paid to the retirement accounts in the form of employer and employee contributions.

NOTE 8: ADVERTISING COSTS

Advertising costs were $1,235 for the year ended December 31, 2016.

NOTE 9: OPERATING LEASE EXPENSES

During the year, ended December 31, 2016 rent expense of the Foundation office in Nashville, Tennessee totaled $8,804. The foundation does not have a formal lease agreement with David Long, who is a member of Advisory Council of the Foundation.

NOTE 10: RELATED PARTY TRANSACTIONS

In November 2016, the Foundation received a loan from a director totaling $12,000. The loan carried no interest and was not collateralized. The loan was repaid in 2017.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 31, 2017 the date on which the financial statements were available to be issued.