Delight Ministries, Inc.
Financial Statements
For the year ended
December 31, 2018

BLANKENSHIP

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Table of Contents

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Independent Auditor's Report

Board of Directors
Delight Ministries, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of Delight Ministries, Inc. (a Tennessee not-for-profit organization), which comprise the statement of financial position as of December 31, 2018, 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.

Auditor's 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 Delight Ministries, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Brentwood, Tennessee
January 21, 2020

Delight Ministries, Inc.

Statement of Financial Position

December 31, 2018

Assets	
Cash	$ 114,407
Inventories	18,482
Other	17,846
Property and equipment, net	9,649
Total assets	$ 160,384
Liabilities	
Accounts payable and accrued expenses	$ 11,325
Net assets	
Without donor restrictions	83,654
With donor restrictions	65,405
Total net assets	149,059
Total liabilities and net assets	$ 160,384

See notes to financial statements.

Delight Ministries, Inc.

Statement of Activities

For the year ended December 31, 2018

Changes in net assets without donor restrictions	
Revenues and other support	
Contributions	$ 295,527
Grants	49,571
Merchandise sales	176,155
Other revenues	31,319
Net assets released from restriction	33,196
Total revenues and other support	585,768
Expenses	
Programs	447,270
Management and general	126,311
Fundraising	29,104
Total expenses	602,685
Change in net assets without donor restrictions	(16,917)
Changes in net assets with donor restrictions	
Contributions	65,405
Net assets released from restriction	(33,196)
Change in restricted net assets	32,209
Total change	15,292
Net assets at beginning of year	133,767
Net assets at end of year	$ 149,059

See notes to financial statements.

Delight Ministries, Inc.
Statement of Functional Expenses
For the year ended December 31, 2018

	Program services	Management and general	Fundraising	Total
Salaries and wages	$ 75,653	$ 61,278	$ 23,333	$ 160,264
Employee benefits	7,930	6,857	2,359	17,146
Contract services	168,145	-	-	168,145
Cost of merchandise sold	66,489	-	-	66,489
Shipping	13,062	-	-	13,062
Advertising and promotion	4,173	-	1,043	5,216
Bank charges/merchant fees	8,267	691	-	8,958
Depreciation	-	3,583	-	3,583
Dues and subscriptions	5,906	-	-	5,906
Events expense	47,195	-	-	47,195
Gifts and awards	1,407	1,503	-	2,910
Insurance	-	3,219	-	3,219
Meals and entertainment	7,232	-	-	7,232
Miscellaneous	3,604	-	-	3,604
Professional fees	-	21,502	-	21,502
Rent	-	26,400	-	26,400
Supplies	2,025	1,278	2,369	5,672
Training	7,061	-	-	7,061
Travel	13,389	-	-	13,389
Utilities and telephone	3,232	-	-	3,232
Loss on disposal of property and equipment	12,500	-	-	12,500
	$ 447,270	$ 126,311	$ 29,104	$ 602,685

See notes to financial statements.

Delight Ministries, Inc.

Statement of Cash Flows

For the year ended December 31, 2018

Cash flows from operating activities	
Increase in net assets	$ 15,292
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation	3,583
Loss on disposal of property and equipment	12,500
Changes in:	
Inventories	14,382
Other assets	(14,133)
Accounts payable and accrued expenses	3,372
Deferred revenue	(37,571)
Net cash used by operating activities	(2,575)
Cash at beginning of year	116,982
Cash at end of year	$ 114,407

See notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Activities
Delight Ministries, Inc. 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.

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 Delight Ministries 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 Delight Ministries. These net assets may be used at the discretion of Delight Ministries' management and the board of directors.

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 Delight Ministries or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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.

Other Assets
Other assets consist of prepaid expenses and other assets.

Property and Equipment
Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Delight Ministries 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, 2018, no assets were considered to be impaired.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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. 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.

Grants
Grants consist of amounts provided from grantors to fund certain programs and are accounted for as exchange transactions. Any amounts received in excess of related program expenditures are presented as deferred revenue.

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 Delight Ministries 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 year ended December 31, 2018. A number of unpaid volunteers have made significant contributions of their time to assist Delight Ministries 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 costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Advertising
Delight Ministries uses advertising to promote its programs. Advertising costs are expensed as incurred.

Income Taxes
Delight Ministries is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income tax has been made. Accounting principles generally accepted in the United States of America require Delight Ministries' management to evaluate tax positions taken by Delight Ministries 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 Delight Ministries and has concluded that as of December 31, 2018, no uncertain positions are taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. Delight Ministries could be subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. Delight Ministries is no longer subject to routine audits by taxing jurisdictions for any tax periods before 2015.

Estimates
The preparation of Delight Ministries' financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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 reporting period. Actual results could differ from those estimates.

Note 1: Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement
On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, the requirement of reporting expenses by both their natural and functional classification, and the lack of consistency in the type of information provided about expenses and investment return.

Note 2: Availability and Liquidity

The following represents Delight Ministries' financial assets at year-end:

Financial assets at year end:		
Cash	$	114,407
Inventories		18,482
Other		17,846
Total financial assets		150,735
Less amounts not available to be used within one year		-
Financial assets available to meet general expenditures over the next 12 months	$	150,735

As part of its liquidity plan, Delight Ministries 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

Delight Ministries 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. All cash balances at year-end are insured by FDIC.

One grantor represented 6% and one donor represented 10% of total revenues for the year.

Note 4: Property and Equipment

Property and equipment consist of the following:

Equipment and furniture	$	18,644
Less accumulated depreciation		(8,995)
	$	9,649

Note 5: Net Assets

Net assets with donor restrictions consist primarily of amounts contributed for regional directors' support.

Note 6: Operating Lease

The Company leases its office under a noncancelable agreement, which expires in December 2019 and requires minimum annual rentals. The total remaining minimum rental commitment of $26,400 is due in 2019.

Note 7: Employee Benefit Plan

The Company sponsors a qualified defined contribution retirement plan under Section 401(k) of the Internal Revenue Code in which substantially all employees qualify for participation. As defined in the plan, the Company may make discretionary contributions from year to year. The Company made discretionary contributions of $4,658 for the year.

Note 8: Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09, along with the subsequent amendments, supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. In addition, ASU 2014-09 requires expanded quantitative and qualitative disclosures, including disclosure about the nature, amount, timing and uncertainty of revenue. ASU 2014-09 was deferred by one year by ASU 2015-14 and will become effective for annual reporting periods beginning after December 15, 2018. Delight Ministries does not expect the timing of grant or gift revenue recognition to change significantly as a result of this ASU. Delight Ministries will adopt the provisions of ASU 2014-09 in 2019.

In August 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. ASU 2018-08 will result in treatment of most grants as donor-restricted conditional contributions rather than exchange transactions and applies to all entities that make or receive contributions. The new standard also clarifies the criteria for evaluating whether contributions are unconditional or conditional. Delight Ministries expects the timing of grant or gift revenue recognition to accelerate as a result of this ASU. Delight Ministries will implement ASU 2018-08 simultaneous with adoption of ASU 2014-09 in fiscal year 2019.

Note 9: Subsequent Events

Subsequent events were evaluated through January 21, 2020, which is the date the financial statements were available to be issued. The Company's board of directors approved the sale of the For The Girl program to the co-founders effective January 1, 2020.