

Family Affair Ministries, Inc.

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

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Independent Accountant's Compilation Report

Board of Directors
Family Affair Ministries, Inc.

Management is responsible for the accompanying financial statements of Family Affair Ministries, Inc., 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 accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC".

Blankenship CPA Group, PLLC
Brentwood, Tennessee
June 9, 2022

Family Affair Ministries, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash	\$ 15,199	\$ 44,025
Gift cards	-	1,350
Prepaid expenses	461	2,710
Grants receivable	-	112,849
Equipment and furnishings, net	<u>2,189</u>	<u>4,398</u>
Total assets	\$ 17,849	\$ 165,332
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 412	\$ 719
Related party payable	-	30,000
PPP loan	<u>37,300</u>	<u>3,500</u>
Total liabilities	37,712	34,219
Net assets		
Net assets without donor restrictions	(19,863)	18,264
Net assets with donor restrictions	<u>-</u>	<u>112,849</u>
Total net assets	<u>(19,863)</u>	<u>131,113</u>
Total liabilities and net assets	\$ 17,849	\$ 165,332

Family Affair Ministries, Inc.
Statement of Activities
For the Year Ended December 31, 2021

	Without donor restriction	With donor restrictions	Total
Support and Revenues			
Contributions	\$ 97,723	\$ -	\$ 97,723
In-kind contributions	95,768	-	95,768
Other income	899	-	899
Net assets released from restrictions	<u>112,849</u>	<u>(112,849)</u>	<u>-</u>
Total support and revenues	307,239	(112,849)	194,390
Expenses			
Program	269,575	-	269,575
Management and general	45,762	-	45,762
Fundraising	<u>30,029</u>	<u>-</u>	<u>30,029</u>
Total expenses	345,366	-	345,366
Change in net assets	(38,127)	(112,849)	(150,976)
Net assets, beginning of year	<u>18,264</u>	<u>112,849</u>	<u>131,113</u>
Net assets, end of year	\$ (19,863)	\$ -	\$ (19,863)

Family Affair Ministries, Inc.
Statement of Activities
For the Year Ended December 31, 2020

	Without donor restriction	With donor restrictions	Total
Support and Revenues			
Contributions	\$ 117,870	\$ -	\$ 117,870
In-kind contributions	66,888	-	66,888
Grant revenue	14,784	262,217	277,001
Net assets released from restrictions	<u>149,368</u>	<u>(149,368)</u>	<u>-</u>
Total support and revenues	348,910	112,849	461,759
Expenses			
Program	280,291	-	280,291
Management and general	47,023	-	47,023
Fundraising	<u>31,949</u>	<u>-</u>	<u>31,949</u>
Total expenses	359,263	-	359,263
Change in net assets	(10,353)	112,849	102,496
Net assets, beginning of year	<u>28,617</u>	<u>-</u>	<u>28,617</u>
Net assets, end of year	\$ 18,264	\$ 112,849	\$ 131,113

Family Affair Ministries, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program	Management and general	Fundraising	Total
Salaries, wages, and benefits	\$ 163,846	\$ 17,983	\$ 17,983	\$ 199,812
Benevolence	14,057	-	-	14,057
Bus transportation	660	-	-	660
Depreciation	2,209	-	-	2,209
Facility rent	80,190	8,910	-	89,100
Insurance	3,004	3,004	-	6,008
Interest	-	384	-	384
Phone and internet	1,213	4,851	-	6,064
Professional services	-	3,600	9,100	12,700
Subscriptions	-	-	2,539	2,539
Supplies	2,444	1,222	407	4,073
Travel	1,952	1,952	-	3,904
Miscellaneous	-	3,856	-	3,856
	\$ 269,575	\$ 45,762	\$ 30,029	\$ 345,366

Family Affair Ministries, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program	Management and general	Fundraising	Total
Salaries, wages, and benefits	\$ 165,504	\$ 17,650	\$ 14,642	\$ 197,796
Benevolence	39,677	-	-	39,677
Bus transportation	1,100	-	-	1,100
Depreciation	1,639	-	-	1,639
Facility rent	55,620	6,180	-	61,800
Insurance	4,698	4,697	-	9,395
Interest	-	356	-	356
Phone and internet	1,233	4,930	-	6,163
Professional services	-	3,500	13,500	17,000
Subscriptions	-	-	2,249	2,249
Supplies	9,352	4,675	1,558	15,585
Travel	1,468	1,467	-	2,935
Miscellaneous	-	3,568	-	3,568
	\$ 280,291	\$ 47,023	\$ 31,949	\$ 359,263

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

	2021	2020
Cash, beginning of year	\$ 44,025	\$ 22,590
Cash flows from operating activities		
Change in net assets	(150,976)	102,496
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,209	1,639
PPP loan forgiveness	(3,500)	-
Change in:		
Gift cards	1,350	(1,350)
Prepaid expenses	2,249	2,249
Grants receivable	112,849	(112,849)
Accounts payable	(307)	(419)
Net cash provided (used) by operating activities	(36,126)	(8,234)
Cash flows from investing activities		
Purchase of equipment and furnishings	-	(3,831)
Cash flows from financing activities		
(Payment to) advance from related party	(30,000)	30,000
Proceeds from PPP loan	37,300	3,500
Net cash provided (used) by financing activities	7,300	33,500
Net change in cash	(28,826)	21,435
Cash, end of year	\$ 15,199	\$ 44,025
Supplemental disclosures of cash flow information		
Cash payments for interest	\$ 384	\$ 356

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

Note 1. Organization and Nature of Activities

Family Affair Ministries, Inc. (the Ministry) is a Tennessee not-for-profit corporation that provides support and enrichment to restore families and rebuild communities through God's hands extended. The Ministry is supported primarily by grants and individual contributions.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Ministry have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires the Ministry to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Ministry or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes

The Ministry is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

Equipment and Furnishings

The Ministry follows the practice of capitalizing, at cost, all expenditures for equipment and furnishings in excess of \$500. Donations of equipment and furnishings are recorded as revenues at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities for the period. Depreciation is provided over the estimated useful life on a straight-line method.

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

Note 2. Summary of Significant Accounting Policies

PPP Loan

The Ministry received loans in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). US GAAP provides organizations with two 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 Ministry has elected to treat the PPP loan as debt.

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. 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 statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire during the year in which the contributions are recognized.

Functional Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

	Method of allocation
Salaries, wages, and benefits	Time and effort
Facility rent	Facility square footage
Supplies	Time and effort
Travel	Time and effort
Phones and internet	Time and effort
Insurance	Time and effort

Note 3. Availability and Liquidity

The Ministry's financial assets available to meet general expenditures over the next 12 months totaled \$15,199 (cash) and \$156,874 (cash and grants receivable) as of December 31, 2021 and 2020, respectively. As part of its liquidity plan, the Ministry has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Ministry receives year-round donations from individuals and the Ministry makes specific appeals at strategic times of the year for specific projects.

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

Note 4. Grants Receivable

Grants receivable consisted of grants awarded prior to year-end which will be collected in the subsequent year. No allowance for uncollectible receivables was deemed necessary.

Note 5. Equipment and Furnishings

Equipment and furnishings consist of the following:

	2021	2020
Equipment	\$ 3,800	\$ 3,800
Furniture	<u>5,031</u>	<u>5,031</u>
	8,831	8,831
Less: accumulated depreciation	<u>(6,642)</u>	<u>(4,433)</u>
Equipment and furnishings, net	\$ 2,189	\$ 4,398

Depreciation expense was \$2,209 and \$1,639 for 2021 and 2020, respectively.

Note 6. Related Party Payable

The Ministry had a short-term, interest-free, cash advance from Family Affair Fellowship. The advance was made available to assist with cash flow and was repaid in 2021 (see note 13).

Note 7. PPP Loan

On May 22, 2020, the Ministry received a loan in the amount of \$3,500 in accordance with the PPP section of the CARES Act. On March 9, 2021, the Ministry was notified that the debt was fully forgiven. The forgiveness is included in contributions on the 2022 statement of activities.

On April 28, 2021, the Ministry received a second draw on the PPP loan for \$37,300. On May 4, 2022, the Ministry was notified that the debt was fully forgiven.

Note 8. Line of Credit

The Ministry has a \$30,000 line of credit with a local bank. The loan calls for an interest rate of Prime + 1.25% with a floor of 4.00%. The loan renews annually on January 1st of each year and matures at the calendar year-end. The loan is guaranteed by the Ministry's officers. There were no amounts outstanding at December 31, 2021 or 2020.

Note 9. Net Assets

There are no net assets with donor restrictions and December 31, 2021. Net assets with donor restrictions at December 31, 2020 consisted of grants to be received in the subsequent year at which time the restrictions were released.

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

Note 10. Concentrations

Of the Ministry's total support and revenues for 2021, approximately 21% represents funds received from two donors. Additionally, 50% represents funds received from in-kind contributions (see note 11). No other support and revenue source represents 10% or more of total support and revenues.

Of the Ministry's total support and revenues for 2020, approximately 60% represents funds received from two grants. Additionally, 14% represents funds received from in-kind contributions (see note 11). No other support and revenue source represents 10% or more of total support and revenues.

Note 11. In-kind Contributions

The following in-kind contributions have been included in unrestricted revenues and expenses in the statements of activities:

	2021	2020
Facility rent	\$ 89,100	\$ 61,800
Insurance	6,008	3,988
Bus transportation	<u>660</u>	<u>1,100</u>
	\$ 95,768	\$ 66,888

Note 12. Leasing Arrangements

The Ministry's administrative and programming ministry space is provided free of charge by a local apartment complex and consists of space equivalent to five apartment units. Accordingly, in-kind contribution and facility rent expense has been recorded on the statements of activities to reflect this relationship (see note 11).

Note 13. Related Party Transactions

The Ministry is closely affiliated with Family Affair Ministries Fellowship (Fellowship) which is the church that started Family Affair Ministries, Inc. The two organizations have common members in key leadership positions and share facilities, vehicles, and supplies. Reimbursements are sometimes made between the two organizations when practical.

The Fellowship made cash contributions to the Ministry of \$21,000 and \$22,800 in 2021 and 2020, respectively. Additionally, the Fellowship provided insurance/bus usage for the ministry which resulted in recorded in-kind contributions of \$6,668 and \$5,088 respectively in 2021 and 2020.

As described in note 6, in 2020, the Fellowship advanced the Ministry \$30,000 to assist with cash flow which was repaid in 2021.

Note 14. Subsequent Events

Management has evaluated subsequent events through June 9, 2022, the date on which the financial statements were available for issuance.