



FAMILY FOUNDATION FUND  
*Restoring Fatherhood*

## **Financial Statements**

# **Family Foundation Fund, Inc.**

**December 31, 2014**

**FAMILY FOUNDATION FUND, INC.**

**Financial Statements**

**December 31, 2014**

**Table of Contents**

	<u>Page Number</u>
Independent Accountants' Review Report.....	1
Financial Statements:	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements.....	6

**Independent Accountants' Review Report**

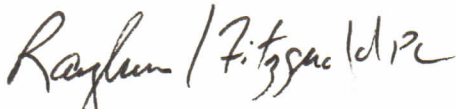
To the Board of Directors  
Family Foundation Fund, Inc.  
Nashville, Tennessee

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, 2014, 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 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.

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.

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.



September 3, 2015

**FAMILY FOUNDATION FUND, INC.**

**Statement of Financial Position**

**December 31, 2014**

Assets

Cash and cash equivalents	\$ 107,737
Accounts receivable, net of allowance for doubtful accounts and discounts of \$20,033 (note 4)	12,868
Inventory	7,004
Investments (note 3)	1,500
Prepaid expenses (note 10)	20,249
Property and equipment, net of accumulated depreciation of \$57,785 (note 5)	<u>186,561</u>
Total assets	<u>\$ 335,919</u>

Liabilities and Net Assets

Liabilities	
Accounts payable	\$ 12,029
Deferred revenue (note 10)	<u>119,041</u>
Total liabilities	<u>131,070</u>
Net assets (note 6):	
Unrestricted	202,099
Temporarily restricted	<u>2,750</u>
Total net assets	<u>204,849</u>
Total liabilities and net assets	<u>\$ 335,919</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, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Donations	\$ 300,174	-	300,174
Other	2,869	-	2,869
Net assets released from restrictions	<u>5,450</u>	<u>(5,450)</u>	<u>-</u>
	<u>308,493</u>	<u>(5,450)</u>	<u>303,043</u>
Expenses:			
Education and support	208,835	-	208,835
Management and general	100,788	22,363	123,151
Fundraising	<u>61,524</u>	<u>-</u>	<u>61,524</u>
	<u>371,147</u>	<u>22,363</u>	<u>393,510</u>
Change in net assets	(62,654)	(27,813)	(90,467)
Net assets, December 31, 2013	<u>264,753</u>	<u>30,563</u>	<u>295,316</u>
Net assets, December 31, 2014	<u>\$ 202,099</u>	<u>2,750</u>	<u>204,849</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, 2014

	Program Services	Supporting Services		
	Education and Support	Management and General	Fund Raising	Total
Salaries	\$ 85,438	51,263	34,175	170,876
Retirement	6,948	6,948	-	13,896
Advertising	25	-	75	100
Automobile	8,730	4,365	4,365	17,460
Bank service charges	-	2,426	-	2,426
Charitable donations	6,720	-	-	6,720
Communications	3,755	3,004	751	7,510
Professional services	1,532	4,596	-	6,128
Special events and fundraiser	-	-	19,888	19,888
Supplies	1,476	1,476	737	3,689
Travel	2,601	867	-	3,468
Postage and shipping	1,533	3,067	1,533	6,133
Occupancy	-	7,620	-	7,620
Dues and subscriptions	-	898	-	898
Gifts and incentives	458	-	-	458
Insurance	7,445	7,445	-	14,890
Repairs and maintenance	240	240	-	480
Tuition	45,053	-	-	45,053
General program expense	28,465	-	-	28,465
Taxes, licenses, and permits	-	1,740	-	1,740
Utilities	234	2,106	-	2,340
Bad debt expense	-	22,363	-	22,363
Total expenses before depreciation	200,653	120,424	61,524	382,601
Depreciation	8,182	2,727	-	10,909
Total expenses	\$ 208,835	123,151	61,524	393,510

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, 2014**

Cash flows from operating activities:	
Change in net assets	\$ (90,467)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	10,909
Gain on disposition of property and equipment	(916)
Provision for uncollectible pledges and discount to present value	22,363
Decrease in accounts receivable	10,514
Decrease in inventory	60
Increase in prepaid expenses	(20,249)
Increase in accounts payable	5,276
Increase in deferred revenue	119,041
	<hr/>
Net cash provided by operating activities	56,531
	<hr/>
Cash flows from investing activities:	
Proceeds from sale of property and equipment	4,000
Purchase of property and equipment	(17,000)
	<hr/>
Net cash used by investing activities	(13,000)
	<hr/>
Net increase in cash and cash equivalents	43,531
Cash and cash equivalents at beginning of year	64,206
	<hr/>
Cash and cash equivalents at end of year	\$ <u>107,737</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, 2014**

(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, 2014**

(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, 2011 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. 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.

**FAMILY FOUNDATION FUND, INC.**

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

**For the Year Ended December 31, 2014**

- (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) 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 \$64,103 are being depreciated over 15 years.

- (3) Investments

The following are aggregate carrying values by investment type at December 31, 2014:

	<u>Cost</u>	<u>Fair Value</u>
Bonds	500	500
Real estate investment trusts	1,000	1,000
	<u>\$ 1,500</u>	<u>1,500</u>

Investment income for the year ended December 31, 2014 was \$80.

# FAMILY FOUNDATION FUND, INC.

## Notes to Financial Statements, (Continued)

For the Year Ended December 31, 2014

(4) Unconditional Promises to Give

Unconditional promises to give at December 31, 2014 are as follows:

Pledges due within one year	\$ 22,783
Less allowance for uncollectible pledges	(20,033)
Present value of pledges receivable	2,750
Other accounts receivable	10,118
Total accounts receivable at December 31, 2014	\$ 12,868

(5) Property and Equipment

A summary of property and equipment at December 31, 2014 follows:

Non-depreciable asset	
Land	\$ 130,000
Depreciable assets:	
Land improvements	72,922
Automobiles	24,300
Furniture and fixtures	17,124
	114,346
Less accumulated depreciation	(57,785)
Net depreciable assets	56,561
Net property and equipment	\$ 186,561

(6) Net Assets

Temporarily restricted net assets consisting of pledges receivable available in future periods for operating expenses of the Foundation after December 31, 2014 were \$2,750.

(7) Fair Value Measurements

The following table presents the assets and liabilities carried at fair value as of December 31, 2014, 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, 2014.



**FAMILY FOUNDATION FUND, INC.**

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

**For the Year Ended December 31, 2014**

(7) Fair Value Measurements, (Continued)

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. The following table details the activity for the year ended December 31, 2014 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>

(8) Employee Benefits

In April 2013, the Board of Directors voted to designate \$75,000 to fund retirement 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, 2014, \$12,818 of designated funds were paid to the retirement accounts in the form of employer and employee contributions. At December 31, 2014, there were no remaining funds designated for employee retirement contributions.

(9) Advertising Costs

Advertising costs were \$100 for the year ended December 31, 2014.

**FAMILY FOUNDATION FUND, INC.**

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

**For the Year Ended December 31, 2014**

(10) Subsequent Events

Management has evaluated subsequent events through September 3, 2015, the date on which the financial statements were available to be issued.

In January 2015, the Foundation held a dinner which raised approximately \$300,000. Of this amount, approximately \$36,000 was recognized as income when received during the year ended December 31, 2014, and an additional \$119,041 received prior to December 31, 2014 was deferred and recognized as income in 2015. Related fees of \$20,249 were prepaid during the year ended December 31, 2014 and were expensed during 2015.

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.