

Family Affair Ministries, Inc.

Financial Statements (Compiled)
For the Years Ended December 31, 2020 and 2019

Family Affair Ministries, Inc.
Financial Statements
For the Years Ended December 31, 2020 and 2019

Contents

Independent Accountant's Compilation Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8 - 11



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, 2020 and 2019, 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". The signature is written in a cursive, flowing style.

Blankenship CPA Group, PLLC
Brentwood, Tennessee
May 28, 2021

Family Affair Ministries, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 44,025	\$ 22,590
Gift cards	1,350	-
Prepaid expenses	2,710	4,959
Grants receivable	112,849	-
Equipment and furnishings, net	<u>4,398</u>	<u>2,206</u>
Total assets	\$ 165,332	\$ 29,755
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 719	\$ 1,138
Related party payable	30,000	-
PPP loan	<u>3,500</u>	<u>-</u>
Total liabilities	34,219	1,138
Net assets		
Net assets without donor restrictions	18,264	28,617
Net assets with donor restrictions	<u>112,849</u>	<u>-</u>
Total net assets	<u>131,113</u>	<u>28,617</u>
Total liabilities and net assets	\$ 165,332	\$ 29,755

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 Activities
For the Year Ended December 31, 2019

	Without donor restriction	With donor restrictions	Total
Support and Revenues			
Contributions	\$ 63,894	\$ -	\$ 63,894
In-kind contributions	66,888	-	66,888
Grant revenue	-	-	-
Total support and revenues	<u>130,782</u>	<u>-</u>	<u>130,782</u>
Expenses			
Program	86,089	-	86,089
Management and general	28,160	-	28,160
Fundraising	<u>3,167</u>	<u>-</u>	<u>3,167</u>
Total expenses	<u>117,416</u>	<u>-</u>	<u>117,416</u>
Change in net assets	13,366	-	13,366
Net assets, beginning of year	<u>15,251</u>	<u>-</u>	<u>15,251</u>
Net assets, end of year	\$ 28,617	\$ -	\$ 28,617

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.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program	Management and general	Fundraising	Total
Salaries, wages, and benefits	\$ 17,313	\$ -	\$ -	\$ 17,313
Benevolence	693	-	-	693
Bus transportation	1,100	-	-	1,100
Depreciation	931	-	-	931
Facility rent	55,620	6,180	-	61,800
Insurance	1,994	1,994	-	3,988
Interest	-	339	-	339
Phone and internet	1,216	4,865	-	6,081
Professional services	300	3,500	-	3,800
Subscriptions	-	-	2,249	2,249
Supplies	5,511	2,756	918	9,185
Travel	1,411	5,645	-	7,056
Miscellaneous	-	2,881	-	2,881
	\$ 86,089	\$ 28,160	\$ 3,167	\$ 117,416

Family Affair Ministries, Inc.
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash, beginning of year	\$ 22,590	\$ 16,678
Cash flows from operating activities		
Change in net assets	102,496	13,366
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,639	931
Change in:		
Gift cards	(1,350)	
Prepaid expenses	2,249	2,249
Grants receivable	(112,849)	
Accounts payable	(419)	(9,200)
Payroll liabilities	-	(1,434)
Net cash provided (used) by operating activities	<u>(8,234)</u>	<u>5,912</u>
Cash flows from investing activities		
Purchase of equipment and furnishings	(3,831)	-
Cash flows from financing activities		
Advance from related party	30,000	-
Proceeds from PPP loan	<u>3,500</u>	<u>-</u>
Net cash provided (used) by financing activities	33,500	-
Net change in cash	<u>21,435</u>	<u>5,912</u>
Cash, end of year	\$ 44,025	\$ 22,590
Supplemental disclosures of cash flow information		
Cash payments for interest	\$ 356	\$ 339

Family Affair Ministries, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

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 require 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 and Depreciation

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.

Management reviews long-lived assets for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The amount of any impairment so identified is charged to operations in the period determined.

Family Affair Ministries, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 2. Summary of Significant Accounting Policies

PPP Loan

The Ministry received a loan 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 \$156,874 (cash and grants receivable) and \$22,590 (cash) as of December 31, 2020 and 2019, 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.

Note 4. Grants Receivable

Grants receivable consist of grants awarded prior to year-end which will be collected in the subsequent year. No allowance for uncollectible receivables was deemed necessary as of December 31, 2020.

Family Affair Ministries, Inc.
Notes to Financial Statements
For the Years Ending December 31, 2020 and 2019

Note 5. Equipment and Furnishings

Equipment and furnishings consist of the following as of December 31:

	2020	2019
Equipment	\$ 3,800	\$ 3,800
Furniture	<u>5,031</u>	<u>1,200</u>
	8,831	5,000
Less: accumulated depreciation	<u>(4,433)</u>	<u>(2,794)</u>
Equipment and furnishings, net	\$ 4,398	\$ 2,206

Depreciation expense was \$1,639 and \$931 for 2020 and 2019, respectively.

Note 6. Related Party Payable

The Ministry has 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. Under this loan program, the Ministry may be eligible for forgiveness of some portion of the loan up to 100%, if and when qualifying conditions are met. Accounting for the loan and any future forgiveness could have an impact on future financial reporting. On March 9, 2021, the Ministry was notified by that the debt was fully forgiven, and the Ministry will not be responsible for any payments.

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, 2020 or 2019.

Note 9. Net Assets

Net assets with donor restrictions at December 31, 2020 consist of grants to be received in the subsequent year at which time the restrictions will be released.

Note 10. Concentrations

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.

Of the Ministry's total support and revenues for 2019, approximately 51% represents funds received from in-kind contributions (see note 11). No other support and revenues source represents 10% or more of total support and revenues.

Family Affair Ministries, Inc.
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 11. In-kind Contributions

The following in-kind contributions have been included in unrestricted revenues and expenses in the statements of activities for the year ended December 31:

	2020	2019
Facility rent	\$ 61,800	\$ 61,800
Insurance	3,988	3,988
Bus transportation	1,100	1,100
	<u>\$ 66,888</u>	<u>\$ 66,888</u>

Note 12. Leasing Arrangements

The Ministry provides programming in ministry space that is provided free of charge. 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.

As described in note 6, the Fellowship advanced the Ministry \$30,000 to assist with cash flow which was repaid in 2021. During 2020, the Fellowship also made contributions to the Ministry of \$22,800. Additionally, the Fellowship provided the insurance and provided the usage of a bus for the ministry which resulted in recorded in-kind contributions of \$3,988 and \$1,100 respectively in 2020 and 2019.

In 2019, the pastors of Fellowship and other Fellowship volunteers provided the day-to-day leadership, management and financial oversight for the Ministry, at no charge, at an estimated value of \$166,000. These donated services have not been reflected in the accompanying financial statements because they did not meet the criteria for recognition.

Note 14. Subsequent Events

Management has evaluated subsequent events through May 28, 2021, the date on which the financial statements were available for issuance.