

# **Family Affair Ministries, Inc.**

Financial Statements (Compiled)  
For the Years Ended December 31, 2022 and 2021

**Family Affair Ministries, Inc.**  
Financial Statements  
For the Years Ended December 31, 2022 and 2021

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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, 2022 and 2021, 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  
April 27, 2023

**Family Affair Ministries, Inc.**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Cash	\$ 14,760	\$ 15,199
Gift cards	1,600	-
Prepaid expenses	-	461
Equipment and furnishings, net	<u>1,977</u>	<u>2,189</u>
Total assets	<b>\$ 18,337</b>	<b>\$ 17,849</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 165	\$ 412
PPP loan	<u>-</u>	<u>37,300</u>
Total liabilities	165	37,712
Net assets without donor restrictions (deficit)	<u>18,172</u>	<u>(19,863)</u>
Total liabilities and net assets	<b>\$ 18,337</b>	<b>\$ 17,849</b>

**Family Affair Ministries, Inc.**  
Statement of Activities  
For the Year Ended December 31, 2022

	<b>Without donor restriction</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Contributions of cash and other financial assets	\$ 175,149	\$ -	\$ 175,149
Grant revenues	37,300	116,966	154,266
Contribution of nonfinancial assets	95,988	-	95,988
Net assets released from restrictions	<u>116,966</u>	<u>(116,966)</u>	<u>-</u>
Total support and revenues	425,403	-	425,403
<b>Expenses</b>			
Program	304,143	-	304,143
Management and general	46,702	-	46,702
Fundraising	<u>36,523</u>	<u>-</u>	<u>36,523</u>
Total expenses	387,368	-	387,368
Change in net assets	38,035	-	38,035
Net assets, beginning of year	<u>(19,863)</u>	<u>-</u>	<u>(19,863)</u>
Net assets, end of year	<b>\$ 18,172</b>	<b>\$ -</b>	<b>\$ 18,172</b>

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

	<b>Without donor restriction</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Contributions of cash and other financial assets	\$ 97,723	\$ -	\$ 97,723
Contribution of nonfinancial assets	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
<b>Expenses</b>			
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	<b>\$ (19,863)</b>	<b>\$ -</b>	<b>\$ (19,863)</b>

**Family Affair Ministries, Inc.**  
Statement of Functional Expenses  
For the Year Ended December 31, 2022

	<b>Program</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
Salaries, wages, and benefits	\$ 184,365	\$ 12,245	\$ 12,317	\$ 208,927
Benevolence	28,887	-	-	28,887
Bus transportation	880	-	-	880
Depreciation	1,861	-	-	1,861
Facility rent	80,190	8,910	-	89,100
Insurance	4,508	4,507	-	9,015
Interest	-	404	-	404
Phone and internet	908	3,658	-	4,566
Professional services	-	5,420	23,160	28,580
Subscriptions	-	-	461	461
Supplies	586	4,682	585	5,853
Travel	1,958	1,958	-	3,916
Miscellaneous	-	4,918	-	4,918
	<b>\$ 304,143</b>	<b>\$ 46,702</b>	<b>\$ 36,523</b>	<b>\$ 387,368</b>

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

	<b>Program</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>
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
	<b>\$ 269,575</b>	<b>\$ 45,762</b>	<b>\$ 30,029</b>	<b>\$ 345,366</b>



**Family Affair Ministries, Inc.**  
**Statements of Cash Flows**  
For the Years Ended December 31, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash, beginning of year	\$ 15,199	\$ 44,025
<b>Cash flows from operating activities</b>		
Change in net assets	38,035	(150,976)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,861	2,209
PPP loan forgiveness	(37,300)	(3,500)
Change in:		
Gift cards	(1,600)	1,350
Prepaid expenses	461	2,249
Grants receivable	-	112,849
Accounts payable	(247)	(307)
Net cash provided (used) by operating activities	<u>1,210</u>	<u>(36,126)</u>
<b>Cash flows from investing activities</b>		
Purchase of equipment and furnishings	(1,649)	-
<b>Cash flows from financing activities</b>		
(Payment to) advance from related party	-	(30,000)
Proceeds from PPP loan	<u>-</u>	<u>37,300</u>
Net cash provided (used) by financing activities	-	7,300
Net change in cash	<u>(439)</u>	<u>(28,826)</u>
Cash, end of year	<b>\$ 14,760</b>	<b>\$ 15,199</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash payments for interest	\$ 404	\$ 384

**Family Affair Ministries, Inc.**  
Notes to Financial Statements  
For the Years Ended December 31, 2022 and 2021

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**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  
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**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 of Cash and Other Financial Assets**

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 of Nonfinancial Assets**

Various volunteers donate many hours to the Organization's program services and fundraising campaigns. These contributed services are not reflected in the financial statements because the activities do not meet the necessary criteria for recognition under US GAAP. Property, equipment, materials, and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of contribution based upon information provided by third-party providers.

**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:

	<b>Method of allocation</b>
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

**Family Affair Ministries, Inc.**  
Notes to Financial Statements  
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**Note 3. Liquidity and Availability**

The Ministry's financial assets available to meet general expenditures over the next 12 months consists of cash balances totaling \$14,760 and \$15,199 as of December 31, 2022 and 2021, 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. Equipment and Furnishings**

Equipment and furnishings consist of the following:

	2022	2021
Equipment	\$ 1,200	\$ 3,800
Furniture	<u>9,280</u>	<u>5,031</u>
	10,480	8,831
Less: accumulated depreciation	<u>(8,503)</u>	<u>(6,642)</u>
Equipment and furnishings, net	<b>\$ 1,977</b>	<b>\$ 2,189</b>

Depreciation expense was \$1,861 and \$2,209 for 2022 and 2021, respectively.

**Note 5. 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 11).

**Note 6. 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 and it was included as grant revenue on the 2021 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. The forgiveness is included in grant revenues on the 2022 statement of activities.

**Note 7. 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, 2022 or 2021.

**Note 8. Net Assets**

There are no net assets with donor restrictions at December 31, 2022 or 2021.

**Family Affair Ministries, Inc.**  
Notes to Financial Statements  
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**Note 9. Concentrations**

Of the Ministry's total support and revenues for 2022, approximately 39% represents funds received from two donors (individual, 12% and grant, 27%). Additionally, 23% represents funds received from contributions of nonfinancial assets (see note 10). No other support and revenue source represents 10% or more of total support and revenues.

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

**Note 10. Contributions of Nonfinancial Assets**

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

	<b>2022</b>	<b>2021</b>
Facility rent	\$ 89,100	\$ 89,100
Insurance	6,008	6,008
Bus transportation	<u>880</u>	<u>660</u>
	<b>\$ 95,988</b>	<b>\$ 95,768</b>

The facility rent is for one apartment unit used by the Ministry for offices and four apartment units used for program space. The rent is valued at the rate charged to unaffiliated renters. The insurance represents an estimated amount of insurance provided for the Ministry by Family Affair Ministries Fellowship (see note 11). Bus transportation is provided by Family Affair Ministries Fellowship for four field trips during the year and is valued at the approximate bus rental rate from an independent bus rental company (see note 11).

**Note 11. Related Party Transactions**

The Ministry is closely affiliated with Family Affair Ministries Fellowship (Fellowship) which is the church that started the Ministry. 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 \$5,000 and \$21,000 in 2022 and 2021, respectively. Additionally, the Fellowship provided insurance/bus usage for the ministry which resulted in recorded contributions of nonfinancial assets of \$6,880 and \$6,668 respectively in 2022 and 2021.

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 12. Subsequent Events**

Management has evaluated subsequent events through April 27, 2023, the date on which the financial statements were available for issuance.