

Financial Statements  
June 30, 2022

The F.I.N.D. Design, Inc.

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## **Independent Auditor's Report**

To the Board of Directors of  
The F.I.N.D. Design, Inc.

### ***Opinion***

We have audited the financial statements of The F.I.N.D. Design, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The F.I.N.D. Design, Inc. as of June 30, 2022, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The F.I.N.D. Design, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The F.I.N.D. Design, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 F.I.N.D. Design, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The F.I.N.D. Design, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink, appearing to read 'KLLW, LLP', is positioned above the firm's name.

KLLW, LLP  
Nashville, Tennessee  
September 1, 2022

The F.I.N.D. Design, Inc.  
Statement of Financial Position  
June 30, 2022

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**Assets**

Cash and cash equivalents	\$ 104,953
Promises to give, net	100,000
Property and equipment, net	<u>1,487</u>
Total assets	<u>\$ 206,440</u>

**Liabilities and Net Assets**

Accounts payable and accrued expenses	\$ 3,038
EIDL Loan	<u>60,000</u>
Total liabilities	<u>63,038</u>

**Net Assets**

Without donor restrictions	117,402
With donor restrictions	<u>26,000</u>
Total net assets	<u>143,402</u>
Total liabilities and net assets	<u>\$ 206,440</u>

The F.I.N.D. Design, Inc.  
Statement of Activities  
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
Public support			
Government grants	\$ 75,332	\$ 25,000	\$ 100,332
Other grant income	414,690	35,000	449,690
Contributions	8,260	-	8,260
In-kind donations	12,000	1,000	13,000
Total public support	<u>510,282</u>	<u>61,000</u>	<u>571,282</u>
Other revenue			
Interest income	4	-	4
Total other revenue	<u>4</u>	<u>-</u>	<u>4</u>
Net assets released from restrictions	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
Total support and revenue	<u>545,286</u>	<u>26,000</u>	<u>571,286</u>
<b>Expenses</b>			
Program services expense			
Youth Development	<u>255,466</u>	<u>-</u>	<u>255,466</u>
Total program services expenses	<u>255,466</u>	<u>-</u>	<u>255,466</u>
Supporting services expense			
Management and general	150,203	-	150,203
Fundraising and development	<u>1,858</u>	<u>-</u>	<u>1,858</u>
Total supporting services expenses	<u>152,061</u>	<u>-</u>	<u>152,061</u>
Total expenses	<u>407,527</u>	<u>-</u>	<u>407,527</u>
<b>Change in Net Assets</b>	137,759	26,000	163,759
Net Assets, Beginning of Year	<u>(20,357)</u>	<u>-</u>	<u>(20,357)</u>
Net Assets, End of Year	<u>\$ 117,402</u>	<u>\$ 26,000</u>	<u>\$ 143,402</u>

See Notes to Financial Statements

The F.I.N.D. Design, Inc.  
Statement of Functional Expenses  
Year Ended June 30, 2022

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	<b>Youth Development</b>	<b>Management and general</b>	<b>Fundraising and development</b>	<b>Total</b>
Bank and transaction fees	\$ -	\$ 379	\$ -	\$ 379
Contract services	3,475	-	-	3,475
Depreciation	-	625	-	625
Employee benefits	6,861	3,534	-	10,395
Grants	5,000	-	-	5,000
Information technology	7,214	4,594	1,858	13,666
Insurance	-	2,857	-	2,857
Interest	-	1,650	-	1,650
Occupancy	10,220	4,080	-	14,300
Other	-	4,520	-	4,520
Payroll taxes and fees	13,829	10,096	-	23,925
Printing and postage	681	-	-	681
Professional services	-	9,500	-	9,500
Salaries and wages	172,624	88,928	-	261,552
Supplies	25,424	2,336	-	27,760
Training	2,063	13,415	-	15,478
Travel	8,075	595	-	8,670
Utilities	-	3,094	-	3,094
Total expenses by function	<u>\$ 255,466</u>	<u>\$ 150,203</u>	<u>\$ 1,858</u>	<u>\$ 407,527</u>

See Notes to Financial Statements

The F.I.N.D. Design, Inc.  
Statement of Cash Flows  
Year Ended June 30, 2022

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**Reconciliation of Change in Net Assets to Net Cash  
from (used for) Operating Activities**

Change in net assets	\$ 163,759
Adjustments to reconcile change in net assets to net cash from (used for) operating activities	
Depreciation	625
Changes in operating assets and liabilities	
Accounts receivable, net	2,649
Promises to give, net	(100,000)
Accounts payable and accrued expenses	1,650
Net Cash from (used for) Operating Activities	<u>\$ 68,683</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	68,683
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>36,270</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 104,953</u>

Supplemental Disclosure of cash Flow Information

Cash paid during the year for interest	<u>\$ -</u>
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## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

The F.I.N.D. Design, Inc. (FIND, we, us, our) was formed in Tennessee in 2014 to serve middle and high school black girls and other girls of color through culturally relevant African American-centric models. With an emphasis on girls that are high risk or have already interacted with the juvenile court system, we partner with public school systems and courts to offer services that promote healing and safety. As part of our mission to empower girls of color, we provide group mentoring that includes life training with social and emotional development skills. We use trained volunteers as well as paid professionals and are supported primarily through revenue from grants. A board of directors governs our organization.

### **Basis of Presentation**

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

### **Cash, Cash Equivalents, and Restricted Cash**

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors (which includes grantors, as applicable, throughout) for long-term purposes, to be cash and cash equivalents.

### **Receivables and Credit Policies**

Accounts receivable consist primarily of amounts due for services provided in connection with the fulfillment of our mission. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2022, there were no accounts receivable due to FIND.

### **Promises to Give**

We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2022, unconditional promises to give were expected to be collected within one year and no allowance for uncollectable promises to give was made. One donor accounted for 100 percent of total promises to give.

## **Property and Equipment**

We record property and equipment additions that we deem to be significant at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2022.

## **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## **Support and Revenue**

Public support is recognized when the donor makes a promise to give to FIND that is, in substance, unconditional. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

## **Donated Services, Resources and In-Kind Contributions**

Volunteers contribute significant amounts of time to our program service activities; however,

the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services and resources when applicable at the respective fair values of the services and resources received (Note 5).

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, salaries and wages, payroll taxes and fees and contract services, which are allocated on the basis of estimates of usage, time and effort.

### **Income Taxes**

The F.I.N.D. Design, Inc. is organized as a Tennessee nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. We are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, it is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purposes. We have determined that we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

### **Concentration of Credit Risk**

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with a financial institution believed by us to be creditworthy. During the year ended June 30, 2022, amounts on deposit did not exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts.

## **Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 104,953
Promises to give, net due in one year	<u>100,000</u>
	<u>\$ 204,953</u>

As part of FIND's liquidity management, we structure our financial assets to be available as general expenditures, liabilities, and other obligations come due.

## **Note 3 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purpose at June 30, 2022:

Subject to expenditure for specified purpose:	
Youth Development	26,000

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2022:

Satisfaction of purpose restrictions	
Youth Development	35,000

## **Note 4 - Property and Equipment**

Property and equipment consists of the following at June 30, 2022:

Computers	\$ 1,750
Furniture	<u>1,925</u>
	3,675
Less accumulated depreciation	<u>2,188</u>
	<u>\$ 1,487</u>

## Note 5 - Donated Professional Services and Resources

We received donated professional services and materials as follows during the year ended June 30, 2022:

	Youth Development	Management and general	Total
Supplies	\$ 1,000	\$ -	\$ 1,000
Occupancy	7,920	4,080	12,000
	<u>\$ 8,920</u>	<u>\$ 4,080</u>	<u>\$ 13,000</u>

## Note 6 - EIDL Loan

On August 27, 2020, FIND entered into a loan authorization and loan agreement with the United States Small Business Administration (the "SBA"), as lender, pursuant to the SBA's Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on FIND's business (the "EIDL Loan Agreement") encompassing a \$60,000 promissory note issued to the SBA (the "EIDL Note") (together with the EIDL Loan Agreement, the "EIDL Loan"). The proceeds of the EIDL Loan will be used by FIND as working capital to alleviate economic injury caused by COVID-19. The EIDL Loan is secured by a security interest on all of FIND's assets and is payable over 30 years at an interest rate of 2.75% per annum. Under the EIDL Note, FIND is required to pay principal and interest payments of \$257 every month beginning February 1, 2023. All remaining principal and accrued interest is due and payable on August 27, 2050. The EIDL Note may be repaid at any time without penalty.

Further maturities of the EIDL Loan for years subsequent to June 30, 2022 are as follows:

2023	\$ 666
2024	1,360
2025	1,398
2026	1,437
2027	1,477
Thereafter	53,662
	<u>\$ 60,000</u>

## Note 7 - Risks and Uncertainties

In March 2020, the novel coronavirus (or "COVID-19") was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in a significant change in the operation of many businesses, including having directly impacted operations of FIND. The implications of COVID-19 on FIND's ongoing operations are still being evaluated and the duration and intensity of its impact is uncertain.

**Note 8 - Subsequent Events**

We have evaluated subsequent events through September 1, 2022, the date the financial statements were available to be issued. During this period, FIND did not have any other material recognizable events that required recognition or disclosure in the June 30, 2022 financial statements.