

Financial Statements

Hart Felt Ministries, Inc.

Year Ended December 31, 2020 with Independent Auditor's Report

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Independent Auditor's Report

To the Board of Directors
Hart Felt Ministries, Inc.
Jacksonville, Florida

We have audited the accompanying financial statements of Hart Felt Ministries, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets as of December 31, 2020, and the related statement of revenues, expenses, and other changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



To the Board of Directors
Hart Felt Ministries, Inc.
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Hart Felt Ministries, Inc., as of December 31, 2020, 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.

Cornelius, Schou & Leone, LLC

June 4, 2021
Cornelius, Schou & Leone, LLC
Jacksonville, FL

Hart Felt Ministries, Inc.
Statement of Assets, Liabilities, and Net Assets
December 31, 2020

Assets

| | |
|-----------------------------|---------------------------------|
| Current Assets: | |
| Cash and cash equivalents | <u>\$ 432,423</u> |
| Total Current Assets | <u>432,423</u> |
| Noncurrent Assets: | |
| Property and equipment, net | <u>35,216</u> |
| Total Noncurrent Assets | <u>35,216</u> |
| Total Assets | <u><u>\$ 467,639</u></u> |

Liabilities and Net Assets

| | |
|---|---------------------------------|
| Liabilities: | |
| PPP Loan - Refundable Advance | <u>\$ 27,697</u> |
| Total Liabilities | <u>27,697</u> |
| Net Assets: | |
| With Donor Restriction | 3,157 |
| Without Donor Restriction | <u>436,785</u> |
| Total Net Assets | <u>439,942</u> |
| Total Liabilities and Net Assets | <u><u>\$ 467,639</u></u> |

See accompanying notes to financial statements.

Hart Felt Ministries, Inc.
Statement of Revenues, Expenses, and Other Changes in Net Assets
Year Ended December 31, 2020

| | Without Donor Restriction | With Donor Restriction | Total |
|--|--|-----------------------------------|-------------------|
| Support: | | | |
| Churches | \$ 16,965 | \$ 5,000 | \$ 21,965 |
| Individuals | 105,226 | - | 105,226 |
| Organizations | 76,841 | 37,000 | 113,841 |
| Non Cash Donations | 11,792 | - | 11,792 |
| Net assets released from restrictions | 44,717 | (44,717) | - |
| Total Support | 255,541 | (2,717) | 252,824 |
| Revenue: | | | |
| Fundraisers | 113,646 | - | 113,646 |
| Interest income | 2,776 | - | 2,776 |
| Total Support and Revenue | 371,963 | (2,717) | 369,246 |
| Expenses | | | |
| Automotive | 40,326 | - | 40,326 |
| Fundraisers | 1,100 | - | 1,100 |
| Insurance | 8,868 | - | 8,868 |
| Office | 14,035 | - | 14,035 |
| Personnel | 156,471 | - | 156,471 |
| Program services | 91,420 | - | 91,420 |
| Recruitment and retention - volunteers | 631 | - | 631 |
| Telephone, rent, and internet | 8,755 | - | 8,755 |
| Total Expenses | 321,606 | - | 321,606 |
| Increase in Net Assets | 50,357 | (2,717) | 47,640 |
| Net Assets, beginning of year | 386,428 | 5,874 | 392,302 |
| Net Assets, end of year | \$ 436,785 | \$ 3,157 | \$ 439,942 |

See accompanying notes to financial statements.

Hart Felt Ministries, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

| | Program Services | Supporting Services Management and General | Fund and Resource Development | Total |
|-------------------------------------|---------------------|---|-------------------------------------|-------------------|
| Salaries and wages | \$ 145,352 | \$ - | \$ - | \$ 145,352 |
| Payroll taxes | 11,119 | - | - | 11,119 |
| Legal fees | 1,824 | - | - | 1,824 |
| Fundraising | - | - | 1,100 | 1,100 |
| Advertising and promotion | 4,613 | - | - | 4,613 |
| Office expense | 5,213 | - | - | 5,213 |
| Printing, publications, and postage | 3,016 | - | - | 3,016 |
| Benefits paid to or for members | 122,549 | - | - | 122,549 |
| Occupancy | 8,755 | - | - | 8,755 |
| Travel | 4,653 | - | - | 4,653 |
| Insurance | 8,868 | - | - | 8,868 |
| Depreciation | 4,544 | - | - | 4,544 |
| | <u>\$ 320,506</u> | <u>\$ -</u> | <u>\$ 1,100</u> | <u>\$ 321,606</u> |

See accompanying notes to financial statements.

Hart Felt Ministries, Inc.
Statement of Cash Flows
Year Ended December 31, 2020

| | |
|---|--------------------------|
| Cash Flows from Operating Activities | |
| Net income (loss) | \$ 47,640 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities | |
| Depreciation & Amortization | <u>4,544</u> |
| | |
| Increase in net assets | <u>52,184</u> |
| Net Cash used in Operating Activities | <u>52,184</u> |
| | |
| Cash Flows from Investing Activities | <u>-</u> |
| | |
| Cash Flows from Financing Activities | |
| PPP Loan - Refundable Advance | <u>27,697</u> |
| | |
| Net Cash from Financing activities | <u>27,697</u> |
| | |
| Net Increase in Cash and Cash Equivalents | 79,881 |
| | |
| Cash, beginning of year | <u>352,542</u> |
| | |
| Cash, end of year | <u><u>\$ 432,423</u></u> |

See accompanying notes to financial statements.

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note A - Organization

Hart Felt Ministries, Inc. ("the Organization") was organized under the laws of the State of Florida in 2003 as a nonprofit corporation for the purpose of providing practical services to frail senior citizens at no charge. These services include transportation, visits, respite care, grocery shopping, homemaker chores, home repairs, and construction of wheelchair ramps, yard work, and advocacy for needs that exceed the ministry's scope of services. At the end of 2020, the Organization had 578 clients and 203 volunteers that provided 10,563 hours of service.

Note B - Summary of Significant Accounting Policies

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received or as assets, decreases of liabilities, or decreases of expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note B - Summary of Significant Accounting Policies (continued)

Contributions

Financial Statement presentation also follows recommendations of SFAS No. 116 *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. Contributions that are with donor restriction are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions with donor restrictions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction.

Cash and Cash Equivalents

Hart Felt Ministries, Inc. considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Contributed Services

The Organization receives a substantial amount of services donated by its volunteers and board members in carrying out the Organization's activities. No amounts have been reflected in the financial statements for those services.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated property and equipment, at estimated fair market value at the date of donation. Property and equipment with a cost in excess of \$1,000 is considered for capitalization. Depreciation is recorded using the straight-line method over estimated useful lives of the respective assets. Maintenance and repairs are expensed as incurred.

Income Taxes

Hart Felt Ministries, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as confirmed in an exemption letter dated October 10, 2003. In addition, the agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note B - Summary of Significant Accounting Policies (continued)

Date of Management's Review

Subsequent events have been evaluated through June 4, 2021, which is the date the financial statements were available to be issued.

Adoption of New Accounting Pronouncements

There are several new accounting pronouncements issued that the Organization monitors for compliance on an ongoing basis. The following pronouncements have the most direct impact on the Organization's financial statements.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards update ("ASU") 2016-02, *Leases (Topic 842)*, which when effective will require entities to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The required disclosures will provide additional information about the lease transaction amounts recorded in the financial statements. The guidance is effective for the year ending December 31, 2022, and early adoption is permitted. The potential impact to the Organization's financial statements is currently being evaluated.

In May 2014, the FASB originally issued ASU 2014-09 *Revenue from Contracts with Customers* in order to make revenue recognition more consistent among varying entities. The core principle of the pronouncement is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The pronouncement has been amended on several occasions, with the current effective date of the pronouncement's application to the Organization being the year ending December 31, 2020. Accordingly, this guidance was implemented by the Organization during the year ended December 31, 2020, as further described in Note L.

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note C – Liquidity Considerations

The Organization’s cash balance is comprised of funds held in a checking account, a money market account, and certificates of deposit. Accordingly, all of the funds that comprise the Cash and Cash Equivalents balance are readily available as cash.

Included in net assets without donor restrictions at December 31, 2020 is \$35,216 that is the Organization’s investment in fixed assets which is not available to fund current operations.

Note D - Property and Equipment

Depreciation expense for the year ended December 31, 2020 was \$4,544. The estimated carrying value of property and equipment as of December 31, 2020 is as follows:

| | 2020 |
|-------------------------------|-----------------|
| Property and equipment | \$45,440 |
| Less accumulated depreciation | 10,224 |
| | \$35,216 |

Note E - Major Grants

The Organization received the following designated grants over time for which a portion had not been disbursed at year-end. These undisbursed funds are being classified as with donor restriction.

| Donor | Total Grant | Year-End With Donor Restricted Balance |
|-------------------------|--------------------|---|
| Mandarin Rotarians | \$ 2,000 | \$ 2,000 |
| PGA Tour | - | 1,000 |
| Jim Moran Foundation | 70,000 | - |
| TCF Grant | 5,000 | - |
| Christ Episcopal Church | 5,000 | 157 |
| Total | \$ 82,000 | \$ 3,157 |

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note F - Major Contributor

The Organization had a significant contribution during the year ended December 31, 2020, from a single donor that totaled \$70,000.

Note G - Remaining Tax Years Subject to Examination

The Organization is no longer subject to tax examination by the Internal Revenue Service for years before year end December 31, 2017.

Note H - Cash in Excess of Insurance

The Organization uses a financial institution in which it maintains cash balances that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

Note I – Fundraising Expenses

The Organization contracts with various fundraising entities for assistance in generating funds to facilitate its purpose. The Organization incurred \$1,100 in fees to these various fundraisers during 2020.

Note J – Lease Expense

In January 2020, the Organization signed a lease with The Salem Centre, LLC, in order to lease office space effective February 1, 2020. The lease is in effect until January 31, 2023 and has a provision for an increase of monthly payments from \$1,200 to \$1,236 effective February 1, 2022.

The lease expense incurred in 2020 was \$8,755.

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2020

Note K – Refundable Advance

COVID-19 Impact

In early 2020, the United States became aware of the human to human spread of COVID-19, an infectious disease also known as the “corona virus”. To attempt to prevent the rampant spread of the virus, various measures were undertaken by the United States which included the temporary closure of all businesses deemed to be nonessential. The degree and length of the impact from these government decrees are yet to be determined. Management does not foresee any material negative impact from the government actions taken to attempt to lessen the impact of COVID-19.

Paycheck Protection Program (PPP)

In April 2020, the Organization received \$27,697 from the United States Federal Paycheck Protection Program (PPP). The Paycheck Protection Program established by the CARES Act, is implemented by the Small Business Administration with support from the Department of the Treasury. This program provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent and utilities. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll as a result of the COVID-19 Virus.

SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. The Organization received confirmation in May of 2021 that the PPP loan had been forgiven. Accordingly, the PPP loan will be reflected as a revenue in 2021.

Note L – Adoption of New Accounting Standard

On January 1, 2020, the Organization adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments of the ASU (collectively, “ASC 606”), which creates a single framework for recognizing revenue from contracts that fall within its scope. As the Organization’s revenue is derived strictly from contributions, of which the donor determines the amount and timing of the contribution, there is deemed to be no material impact from the implementation of ASC 606.