

Fugees Family, Inc.

Financial Statements
and
Independent Auditors' Report

June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fugees Family, Inc.

We have audited the accompanying financial statements of Fugees Family, Inc., which comprise the Statements of Financial Position as of June 30, 2020 and 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended and the related Notes to 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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.

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 financial position of Fugees Family, Inc. as of June 30, 2020 and 2019, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Marshall Jones". The signature is written in a cursive, flowing style.

Atlanta, Georgia
September 23, 2020

FUGEES FAMILY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
Current Assets		
Cash and cash equivalents	\$ 978,989	\$ 528,527
Accounts receivable	12,183	-
Prepaid expenses	-	2,290
Total Current Assets	991,172	530,817
Fixed Assets		
Land	721,413	721,413
Vehicle and equipment	254,568	254,568
Work in process	1,346,514	1,346,514
	2,322,495	2,322,495
Less: Accumulated depreciation	224,232	214,178
Total Fixed Assets, net	2,098,263	2,108,317
Other Assets		
Investments	375,940	372,750
Total Other Assets	375,940	372,750
TOTAL ASSETS	\$3,465,375	\$3,011,884
Liabilities		
Accounts payable	\$ 73,270	\$ 89,560
Note payable	175,000	205,000
Loan subject to forgiveness	352,055	-
Total Liabilities	600,325	294,560
Net Assets		
Net assets without donor restrictions	2,490,050	2,367,324
Net assets with donor restrictions	375,000	350,000
Total Net Assets	2,865,050	2,717,324
TOTAL LIABILITIES AND NET ASSETS	\$3,465,375	\$3,011,884

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FUGEES FAMILY, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2020 and 2019

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total 2020	Total 2019
Revenues				
Individual and business contributions	\$1,832,689	\$ -	\$1,832,689	\$ 515,699
Foundation contributions and grants	792,255	25,000	817,255	1,618,096
Investment income	15,320	-	15,320	23,782
Other income	1,928	-	1,928	-
Total Revenues	2,642,192	25,000	2,667,192	2,157,577
Expenses				
Program services				
Academy	1,605,664	-	1,605,664	1,227,133
Soccer and summer	64,617	-	64,617	316,474
Supporting services				
Management and general	760,374	-	760,374	682,875
Fundraising	88,812	-	88,812	112,126
Total Expenses	2,519,467	-	2,519,467	2,338,608
Change in Net Assets	122,725	25,000	147,725	(181,031)
Net Assets-Beginning of Year	2,367,325	350,000	2,717,325	2,898,355
Net Assets-End of Year	\$2,490,050	\$375,000	\$2,865,050	\$2,717,324

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FUGEES FAMILY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services		Supporting Services		Total
	Academy	Soccer and Summer	Management and General	Fundraising	
Functional Expenses					
Accounting	\$ -	\$ -	\$ 9,381	\$ -	\$ 9,381
Advertising	11,883	-	-	88,812	100,695
Contract labor	38,790	24,322	32,100	-	95,212
Depreciation	9,800	-	254	-	10,054
Dues and subscriptions	18,330	5,754	8,733	-	32,817
Employee benefits	252,351	-	117,971	-	370,322
Equipment	3,112	7,993	-	-	11,105
Field trip	3,523	5,840	-	-	9,363
Insurance	22,394	-	5,385	-	27,779
Interest expense	-	-	543	-	543
Lunch	47,737	652	-	-	48,389
Meals, entertainment, travel	3,438	668	31,980	-	36,086
Miscellaneous	6,120	-	7,300	-	13,420
Salaries and payroll tax	1,014,590	11,350	489,848	-	1,515,788
Property taxes	-	-	17,121	-	17,121
Rent	69,309	250	11,000	-	80,559
Service fees	1,740	31	-	-	1,771
Staff development	10,973	-	2,395	-	13,368
Supplies	15,670	520	6,695	-	22,885
Technology	17,434	-	19,668	-	37,102
Transportation	54,717	6,988	-	-	61,705
Uniforms	3,753	249	-	-	4,002
Total Functional Expenses	\$1,605,664	\$64,617	\$760,374	\$88,812	\$2,519,467

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FUGEES FAMILY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services		Supporting Services		Total
	Academy	Soccer and Summer	Management and General	Fundraising	
Functional Expenses					
Accounting	\$ -	\$ -	\$ 28,618	\$ -	\$ 28,618
Advertising	-	-	-	104,348	104,348
Depreciation	1,747	6,988	227	-	8,962
Dues and subscriptions	2,657	33,923	16,934	-	53,514
Employee benefits	62,175	6,525	25,433	-	94,133
Equipment	-	34,105	-	-	34,105
Field trip	16,196	18,053	-	-	34,249
Insurance	17,781	17,549	103,332	-	138,662
Lunch	36,864	8,440	-	-	45,304
Meals, entertainment, travel	-	-	54,334	-	54,334
Miscellaneous	36,279	3,807	14,840	-	54,926
Salaries and payroll tax	896,633	94,098	366,774	-	1,465,529
Rent	-	64,298	28,413	-	92,711
Service fees	-	-	42	7,778	7,820
Staff development	32,852	3,448	13,438	-	49,738
Supplies	36,674	-	1,304	-	37,978
Transportation	15,925	17,752	-	-	33,677
Total Functional Expenses	\$1,227,133	\$316,474	\$682,875	\$112,126	\$2,338,608

This financial statement should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FUGEES FAMILY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows Provided (Used) by Operating Activities		
Change in net assets	\$147,726	\$(181,031)
Adjustment to reconcile the changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	10,054	8,962
Gain on investment	(3,190)	(14,748)
Decrease (increase) in assets:		
Accounts receivable	(12,183)	-
Prepaid expenses	2,290	(1,988)
(Decrease) increase in liabilities:		
Accounts payable	(16,290)	68,525
Net Cash Provided By (Used In) Operating Activities	128,407	(120,280)
Cash Flows Used by Investing Activities		
Purchase of property and equipment	-	(47,900)
Net Cash Used In Investing Activities	-	(47,900)
Cash Flows Used Financing Activities		
Payments on long-term debt	(30,000)	(32,500)
Proceeds from loan subject to forgiveness	352,055	-
Net Cash Provided By (Used In) Financing Activities	322,055	(32,500)
Net Increase (Decrease) in Cash and Cash Equivalents	450,462	(200,680)
Cash and Cash Equivalents - Beginning of Year	528,527	729,207
Cash and Cash Equivalents, End of Year	\$978,989	\$ 528,527

These financial statements should be read only in connection with the accompanying independent auditors' report and notes to financial statements.

FUGEES FAMILY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

FUGEES FAMILY, Inc. (“the Organization”) is a non-profit organization that began operations in 2005, incorporated under the laws of the state of Georgia. The Organization provides year-round soccer, after-school tutoring, a private academy, and an academic enrichment camp to 72 child survivors of war.

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

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

Net assets without donor restrictions - represents net assets that are not restricted by donor-imposed stipulations and are available for support of operations and other expenditures.

Net assets with donor restrictions - represents net assets whose use by the Organization subject to stipulations imposed by donor. Some donor restrictions are temporary in nature; that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Other donor restrictions are perpetual in nature that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the financial statements. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purpose of the Statements of Cash Flows, the Organization considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

(Continued)

FUGEES FAMILY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Fixed assets are stated at cost. Depreciation is calculated using the straight-line method over the five-year estimated useful lives of the assets. Additions and major improvements to existing assets are capitalized. Minor improvements, maintenance, and repairs are charged to expense as incurred. Depreciation expense was \$10,054 and \$8,962 for the years ended June 30, 2020 and 2019, respectively.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization only recognizes the tax benefit from an uncertain tax position taken or expected to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2020.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to June 30, 2016.

Unconditional Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions, if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When restrictions expire (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.

(Continued)

FUGEES FAMILY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation has been made based on management's best estimate of the actual resources used in those areas. Depreciation and occupancy are based on square foot, whereas salaries and benefits and other expenses are based on time and effort.

Loan Subject to Forgiveness

Loan subject to forgiveness resulted from the Organization receiving government assistance in the form of a loan in accordance with the Paycheck Protection Program ("PPP") of \$352,055, with an interest rate of 1.000% and a maturity date of April 28, 2022. This loan can be forgiven by meeting certain conditions related to payroll expenditures. As of the date of the financial statements, the loan forgiveness application process had not been finalized. According to GAAP, this loan will be classified as a conditional contribution.

Recent Accounting Pronouncements

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958, or as exchange transactions (reciprocal) subject to ASC Topic 606, Revenue from Contracts with Customers.

For the year ending June 30, 2020, the Organization adopted ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The Organization recognizes contributions and grant income in the accompanying Statements of Activities, in accordance with ASC Topic 958. The adoption of ASU 2018-08 did not have an impact on the timing of the revenue recognition of the contributions.

NOTE 3 – LEASE COMMITMENTS

The Organization leased its classroom space under an agreement. The agreement expires on June 30, 2021, incurs an expense of \$4,000 a month.

FUGEES FAMILY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 4 – NOTE PAYABLE

On December 17, 2009, the Organization acquired a \$400,000 loan bearing no interest and secured by deed, due on demand. As of June 30, 2020, and 2019, the outstanding balance on the loan was \$175,000 and \$205,000, respectively.

NOTE 5 – ADVERTISING COSTS

The Organization advertises through its website and its fundraising events. Vendors are contracted to provide advertising functions including design work for fundraising products and website administration. Advertising costs were expensed as incurred and totaled \$100,695 and \$104,348 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 – WORK IN PROCESS

During 2009, the Organization purchased land for \$721,413 for the purpose of future development. The Organization began capitalizing costs associated with construction during the year ended June 30, 2011. Those capitalized costs totaled \$1,346,514 for the years ended June 30, 2020 and 2019.

NOTE 7 – ENDOWMENT FUNDS

Investment Policies

The Board of Trustees is charged with the responsibility of managing the endowment assets of the Organization. The Organization has adopted investment and spending policies approved by the Board of Trustees. These investment and spending policies allow for endowment assets to generate a long-term total rate of return, within reasonable levels of risk, which will provide sustainable distributions to support the intended mission. Currently, the funds are invested in a variety of mutual funds in order to provide maximum diversification.

Interpretation of Relevant Law

The Organization's endowment funds consist of individual funds established to fulfill a variety of purposes. The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act as enacted in the State of Georgia ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Organization classifies as net assets with donor restrictions the original value of gifts donated to the endowment.

Spending Policies

The Organization has a policy of expending 4.5% of the balance of investments from the Goizueta endowment fund as of the year then ended.

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FUGEES FAMILY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 – ENDOWMENT FUNDS (continued)

Spending Policies (continued)

Composition of endowment net assets by type of fund as of June 30, 2020 and 2019, was as follows:

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment Funds			
Goizueta	\$ -	\$350,000	\$350,000
Total Endowment Funds	\$ -	\$350,000	\$350,000

NOTE 8 – FAIR VALUE MEASUREMENT

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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FUGEES FAMILY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 8 – FAIR VALUE MEASUREMENT (continued)

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used on June 30, 2020 and 2019.

Stocks and Mutual funds: Valued at the net assets value of shares held by the Organization at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The following table sets forth, by level within the fair value hierarchy, the Organization’s assets at fair value as of June 30,

	Level 1	Level 2	Level 3	2020	2019
Stocks and mutual funds	\$375,940	\$ -	\$ -	\$375,940	\$372,750
Total Assets at Fair Value	\$375,940	\$ -	\$ -	\$375,940	\$372,750

NOTE 9 – SUBSEQUENT EVENTS

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred subsequent to year end may have an impact on the operations of the Organization. The extent of the impact to the financial performance of the Organization will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of the Organization is impacted because of these things for an extended period, the Organization’s financial results may be adversely affected. Final results of the relief measures are not currently known.

In order to reduce the possible impact as described above, the Organization has updated operations to include employees’ ability to work from home, and added safety precautions to visitors, and/or staff who enter the building.

The Organization has evaluated subsequent events through the filing date of this report. Any significant events that have occurred through that date are included in these notes.

FUGEES FAMILY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 10 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$991,172 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of \$978,989 and receivables of \$12,183. \$25,000 of the financial assets available for general expenditures are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the Statement of Financial Position. The receivables are not subject to restriction and are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expense, which are, on average, approximately \$414,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following represents the financial assets available to meet cash needs within one year as of June 30:

	2020	2019
Cash and cash equivalents	\$978,989	\$528,527
Accounts receivable	12,183	-
Less: donor restrictions	(25,000)	-
Financial assets available for general expenditures	\$966,172	\$528,527

The notes to financial statements should be read only in connection with the accompanying financial statements and independent auditors' report.