

Finishing Fund Management, Inc.
Financial Statements
Year Ended December 31, 2022 and 2021

Finishing Fund Management, Inc.
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Year Ended December 31, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
Finishing Fund Management, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Finishing Fund Management, Inc. (a Not-for-Profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 Finishing Fund Management, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with the 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 Finishing Fund Management, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Finishing Fund Management, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

MCM CPAs & Advisors LLP

www.mcmcpa.com
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Independent Auditor's Report (Continued)

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 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 Finishing Fund Management, 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Finishing Fund Management, 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.

MCM CPAs & Advisors LLP

Louisville, Kentucky
March 24, 2023

Finishing Fund Management, Inc.
Statement of Financial Position
December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------|-------------------|-------------------|
| Assets | | |
| Cash and cash equivalents | \$ 523,820 | \$ 451,095 |
| Total assets | <u>\$ 523,820</u> | <u>\$ 451,095</u> |
| Liabilities and net assets | | |
| Net assets | | |
| Without donor restrictions | \$ 523,820 | \$ 451,095 |
| Total liabilities and net assets | <u>\$ 523,820</u> | <u>\$ 451,095</u> |

See accompanying notes.

Finishing Fund Management, Inc.
Statement of Activities
Year Ended December 31, 2022 and 2021

| | 2022 | | | 2021 | | |
|-------------------------------|----------------------------|-------------------------|--------------|----------------------------|-------------------------|--------------|
| | Without donor restrictions | With donor restrictions | Total | Without donor restrictions | With donor restrictions | Total |
| Revenue and support | | | | | | |
| Contributions | \$ 2,675,756 | \$ 25,000 | \$ 2,700,756 | \$ 1,651,990 | \$ - | \$ 1,651,990 |
| Contributions in kind | 30,134 | - | 30,134 | 14,991 | - | 14,991 |
| Release from restriction | 25,000 | (25,000) | - | 25,000 | (25,000) | - |
| Total revenue and support | 2,730,890 | - | 2,730,890 | 1,691,981 | (25,000) | 1,666,981 |
| Expenses | | | | | | |
| Program services | 2,456,102 | - | 2,456,102 | 2,743,462 | - | 2,743,462 |
| General and administrative | 56,455 | - | 56,455 | 36,384 | - | 36,384 |
| Fundraising | 145,608 | - | 145,608 | 32,925 | - | 32,925 |
| Total expenses | 2,658,165 | - | 2,658,165 | 2,812,771 | - | 2,812,771 |
| Change in net assets | 72,725 | - | 72,725 | (1,120,790) | (25,000) | (1,145,790) |
| Net assets, beginning of year | 451,095 | - | 451,095 | 1,571,885 | 25,000 | 1,596,885 |
| Net assets, end of year | \$ 523,820 | \$ - | \$ 523,820 | \$ 451,095 | \$ - | \$ 451,095 |

See accompanying notes.

Finishing Fund Management, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022 and 2021

| | 2022 | | | | 2021 | | | |
|------------------------|---------------------|-------------------------------------|--------------------|---------------------|---------------------|-------------------------------------|--------------------|---------------------|
| | <u>Program</u> | <u>General & administrative</u> | <u>Fundraising</u> | <u>Total</u> | <u>Program</u> | <u>General & administrative</u> | <u>Fundraising</u> | <u>Total</u> |
| Grants | \$ 2,433,386 | \$ - | \$ - | \$ 2,433,386 | \$ 2,738,553 | \$ - | \$ - | \$ 2,738,553 |
| Professional fees | - | 49,805 | 26,120 | 75,925 | - | 29,969 | 22,323 | 52,292 |
| Travel, in kind | 21,861 | 47 | 7,061 | 28,969 | 4,314 | - | 2,725 | 7,039 |
| Miscellaneous, in kind | 855 | 249 | 61 | 1,165 | 595 | 6,400 | 957 | 7,952 |
| Government fees | - | 1,542 | - | 1,542 | - | 15 | - | 15 |
| Fundraising | - | - | 100,686 | 100,686 | - | - | 6,920 | 6,920 |
| Research | - | 1,102 | - | 1,102 | - | - | - | - |
| Bank fees | - | 288 | - | 288 | - | - | - | - |
| Travel | - | 3,422 | - | 3,422 | - | - | - | - |
| Contract Labor | - | - | 11,680 | 11,680 | - | - | - | - |
| Total | \$ 2,456,102 | \$ 56,455 | \$ 145,608 | \$ 2,658,165 | \$ 2,743,462 | \$ 36,384 | \$ 32,925 | \$ 2,812,771 |

See accompanying notes.

Finishing Fund Management, Inc.
Statement of Cash Flows
Year Ended December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|--------------------------|--------------------------|
| Cash flows from operating activities | | |
| Change in net assets | <u>\$ 72,725</u> | <u>\$ (1,145,790)</u> |
| Net cash provided by (used in) operating activities | <u>72,725</u> | <u>(1,145,790)</u> |
| Net increase (decrease) in cash | 72,725 | (1,145,790) |
| Cash and cash equivalents, beginning of year | <u>451,095</u> | <u>1,596,885</u> |
| Cash and cash equivalents, end of year | <u><u>\$ 523,820</u></u> | <u><u>\$ 451,095</u></u> |

See accompanying notes.

Finishing Fund Management, Inc.
Notes to Financial Statements
Year Ended December 31, 2022 and 2021

Note A - Nature of Organization and Operations

Finishing Fund Management, Inc. (the "Organization") was organized in 2017 as a nonprofit organization in Prospect, Kentucky. The Organization's mission is to encourage, coordinate and support the imminent completion of the Great Commission given by Jesus Christ to make disciples of "every tribe and language and people and nation". The Organization is supported primarily through contributions.

Note B - Summary of Significant Accounting Policies

1. **Basis of Presentation:** The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Accounting Standards Codification ("ASC") as produced by the Financial Accounting Standards Board ("FASB") is the sole source of authoritative GAAP. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.
2. **Financial Statement Presentation:** The Organization follows the guidance of FASB Topic 958, *Not-for-Profit Entities*. Under the Topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classes of net assets are further discussed below.
 - *Net Assets without Donor Restrictions* are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets consist of two categories, undesignated funds and designated funds. Undesignated funds are available for any purpose within the scope of the Organization's activities. Designated funds have been appropriated by the Board of Directors for a specific activity or group of activities. Such designations could be changed by action of the Board of Directors. There were no designated net assets as of December 31, 2022 and 2021.
 - *Net Assets with Donor Restrictions* are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. As of December 31, 2022 and 2021, the Organization has no net assets with donor restrictions.
3. **Accounting Estimates:** The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.
4. **Income Taxes:** The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501 (c)(3).

The Organization recognizes uncertain income tax positions using a "more-likely-than-not" approach. No liability for uncertain tax positions has been recorded in the accompanying financial statements.

5. **Cash and Cash Equivalents:** Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates less than three months. As of December 31, 2022 and 2021, the Organization did not hold any cash equivalents.

Cash consists of a traditional deposit account. At various times throughout the year, the Organization has deposits in excess of the Federal Deposit Insurance Corporation insurance limit. The Organization has not experienced any losses on this account.

Finishing Fund Management, Inc.
Notes to Financial Statements (Continued)
Year Ended December 31, 2022 and 2021

Note B - Summary of Significant Accounting Policies (Continued)

6. Revenue Recognition: The Organization's revenue is generated from donor contributions.
7. Contributed Services: The Organization receives a substantial amount of services donated by its board members in carrying out the Organization's mission. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under the Not-for-Profit Entities Topic of the FASB Codification.
8. Functional Expenses: The costs of providing the various programs and activities have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Professional fees are allocated based on time and effort.
9. Adopted Accounting Pronouncement: In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets be shown separate from contributions of cash and other financial assets and provides for qualitative disclosure regarding valuation techniques, categories of contributed nonfinancial assets, and their use. The Organization adopted the standard in 2022 with no significant impact to the financial statements, with the exception of increased disclosures (Note E).
10. In-kind Contributions: The Organization receives donated goods and professional services from others. The fair value of in-kind donations was \$30,134 and \$14,991 for the year ended December 31, 2022 and 2021, respectively.
11. Subsequent Events: Management has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued (Note D).

Note C - Liquidity and Availability

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor or contractual restrictions, if any, within one year:

| | <u>2022</u> |
|---|--------------------------|
| Financial assets, at year end | |
| Cash and cash equivalents | <u>\$ 523,820</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u><u>\$ 523,820</u></u> |

Finishing Fund Management, Inc.
Notes to Financial Statements (Continued)
Year Ended December 31, 2022 and 2021

Note C - Liquidity and Availability (Continued)

The Organization serves as the advisor for a donor advised fund as the National Christian Foundation through which some donors make contributions in support of the Organization's ministry activities. Donors contributed approximately \$2,580,000 and \$1,880,000 to this donor advised fund during the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, the donor advised fund has a balance of \$4,435,208 and \$5,772,059, respectively. This balance will be used to support the Organization's ministry activities in future years.

Note D - Grant Agreements

The Organization has multi-year grant agreements with missionaries around the world. The agreements are not considered a liability as of year-end as the Organization is not required to make the payments if the missionaries do not meet the milestones documented in the consent agreements. The Organization distributed approximately \$2.4 million and \$2.8 million in grants in 2022 and 2021, respectively. The following grants, made in 2019, 2020, 2021, and 2022 are scheduled to be distributed in future years:

| | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|-------------------------------|---------------------|-------------------|-------------|
| Year consent agreement signed | | | |
| 2019 | \$ 16,000 | \$ - | \$ - |
| 2020 | 34,263 | - | - |
| 2021 | 911,513 | 30,400 | - |
| 2022 | <u>728,077</u> | <u>428,408</u> | <u>-</u> |
| | <u>\$ 1,689,853</u> | <u>\$ 458,808</u> | <u>\$ -</u> |

Subsequent to year end, through the date of the Independent Auditor's Report, the Organization signed approximately \$1,230,000 in consent agreements, which will be paid in 2023-2025.

Note E - In-Kind Contributions

The Organization's financial statements include the following in-kind contribution revenue and associated expense:

- **Travel:** Donated travel includes airline tickets, transportation, and hotel fees that were covered by donors to help defray the costs of those goods and services that would otherwise have been purchased. Contributed services and supplies are valued and are reported at the estimated fair value in the financial statements based on current market rates for similar travel services.
- **Miscellaneous:** Miscellaneous in-kind contributions consist primarily of business meals with potential donors and grant recipients that were covered by donors to help defray the costs that would otherwise have been purchased by the Organization. The Organization values these at fair value in the financial statements based on current market rates.