affinity mentoring

FINANCIAL STATEMENTS

JUNE 30, 2023

Affinity Mentoring

June 30, 2023

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of Affinity Mentoring
Grand Rapids, MI

We have reviewed the accompanying financial statements of Affinity Mentoring (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such opinion.

Management's Responsibility 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; 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 Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Affinity Mentoring and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Morgan & Associates CPAs + Advisors

Morgan & Associates CPAs

Grand Rapids, MI
November 9, 2023

Affinity Mentoring
Statement of Financial Position
As of June 30, 2023

		2023		2022
Assets				
Current				
Cash	$	8,526	$	59,562
Grants Receivable		167,145		159,794
Contributions receivable		86,250		182,000
Prepaid expenses		850		1,790
Right-of-use asset		-		4,356
Total current assets		262,771		407,502
Long term				
Fixed assets		11,219		16,969
Total assets		273,990		424,471
Liabilities and net assets				
Current				
Accounts payable and accrued liabilities		10,492		5,397
Accrued payroll and related liabilities		28,614		31,431
Lease liability		-		4,356
Total liabilities		39,106		41,184
Net assets				
Without donor restrictions				
Undesignated		149,305		126,385
With donor restrictions				
Program restrictions		85,579		256,902
Total net assets		234,884		383,287
Total liabilities and net assets	$	273,990	$	424,471

See accompanying notes to the financial statements

Affinity Mentoring
Statement of Activities and Net Assets
June 30, 2023

	Without restrictions	With restrictions	Total
Support and revenue			
Contributions and grants	$ 251,586	$ -	$ 251,586
Special events income	22,523	-	22,523
Gifts in kind	33,000	-	33,000
Other income	7,357	-	7,357
Release of restrictions			
Satisfaction of restrictions	171,323	(171,323)	-
Total support and revenue	485,789	(171,323)	314,466
Expenses			
Program	308,780	-	308,780
Management and general	89,461	-	89,461
Fundraising	64,628	-	64,628
Total expenses	462,869	-	462,869
Change in net assets	22,920	(171,323)	(148,403)
Net assets at beginning of period	126,385	256,902	383,287
Net assets at ending of period	$ 149,305	$ 85,579	$ 234,884

Affinity Mentoring
Statement of Activities and Net Assets
June 30, 2022

	Without restrictions	With restrictions	Total
Support and revenue			
Contributions and grants	$ 158,889	$ 303,000	$ 461,889
Special events income	59,974	-	59,974
Gifts in kind	33,000	-	33,000
Other income	61,928	-	61,928
Release of restrictions			
Satisfaction of restrictions	187,869	(187,869)	-
Total support and revenue	501,660	115,131	616,791
Expenses			
Program	297,501	-	297,501
Management and general	108,862	-	108,862
Fundraising	95,574	-	95,574
Total expenses	501,937	-	501,937
Change in net assets	(277)	115,131	114,854
Net assets at beginning of period	(26,313)	141,771	115,458
Prior period accounting adjustment	152,975	-	152,975
Net assets at ending of period	$ 126,385	$ 256,902	$ 383,287

Affinity Mentoring
Statement of Functional Expenses
June 30, 2023

	Program	Management and General	Fundraising	Grand Total
Salaries and wages	$ 199,519	$ 42,754	$ 42,754	$ 285,027
Pension plan contributions	2,262	485	485	3,232
Other employee benefits	29,889	6,405	6,405	42,699
Payroll taxes	15,520	3,326	3,326	22,172
Professional services - accounting	14,527	3,113	3,113	20,753
Professional services - other	3,020	647	647	4,314
Advertising and promotion	510	170	-	680
Office expenses	1,511	2,998	382	4,891
Information technology	4,190	3,560	2,240	9,990
Occupancy	21,000	17,400	-	38,400
Travel	158	34	34	226
Depreciation and amortization	4,025	863	863	5,751
Insurance	6,236	2,079	-	8,315
Program supplies	6,232	1,336	1,336	8,904
Events	181	2,552	3,043	5,776
Miscellaneous	-	1,739	-	1,739
Total expenses	$ 308,780	$ 89,461	$ 64,628	$ 462,869

See accompanying notes to the financial statements

Affinity Mentoring
Statement of Functional Expenses
June 30, 2022

	Program	Management and General	Fundraising	Grand Total
Salaries and wages	$ 184,489	$ 61,496	$ 61,496	$ 307,481
Pension plan contributions	3,551	1,184	1,184	5,919
Other employee benefits	30,908	10,303	10,303	51,514
Payroll taxes	13,777	4,592	4,592	22,961
Professional services - accounting	12,032	4,011	4,011	20,054
Professional services - other	3,551	-	-	3,551
Advertising and promotion	1,026	342	342	1,710
Office expenses	2,129	1,363	864	4,356
Information technology	7,113	2,257	5,091	14,461
Occupancy	21,000	17,100	-	38,100
Travel	157	52	53	262
Depreciation and amortization	3,451	1,150	1,150	5,751
Insurance	5,795	1,932	-	7,727
Program supplies	8,469	2,823	2,823	14,115
Events	53	201	3,666	3,920
Miscellaneous	-	56	-	56
Total expenses	$ 297,501	$ 108,862	$ 95,574	$ 501,938

Affinity Mentoring
Statement of Cash Flows - Indirect Method
June 30, 2023

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (148,403)	$ 114,854
Depreciation & amortization	5,750	5,750
Change in:		
Accounts receivable	(7,351)	(6,819)
Contributions receivable	95,750	(132,000)
Prepaid expense	940	(340)
Accounts payable	5,095	1,621
Accrued payroll and related liabilities	(2,817)	1,472
Accrued payroll and related liabilities	-	(55,100)
Net cash provided by operating activities	(51,036)	(70,562)
Change in cash	(51,036)	(70,562)
Cash, beginning of year	59,562	130,124
Cash, end of year	$ 8,526	$ 59,562

See accompanying notes to the financial statements

1. NATURE OF ORGANIZATION

Affinity Mentoring (AM) is a mentoring program to connect students with caring adults. The mentors meet the children at schools one hour per week to offer encouragement and improve students' academic skills, social emotional skills and self-esteem. As the volunteer mentors enter into supportive and caring relationships with students, there is a transformation, beginning with simple changes in attitude and behavior that can truly change a child's life. AM was founded by Mars Hill Bible Church (MHBC) in April 2016 and became an independent organization as of July 1, 2019.

AM was incorporated under the laws of the state of Michigan to operate as a charitable organization within the meaning of Section 501 (c) (3) of the Internal Revenue Code (code). It is exempt from federal and state income taxes, and contributions by the public are deductible within the limitations prescribed by the code. AM has been classified as a public organization that is not a private foundation under Section 509(a) of the code.

AM's revenues consist primarily of contributions from donors.

2. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

CASH

Cash consists of a checking account and a credit card depository account. Balances in these accounts may at times exceed federally insured limits. AM has not experienced any losses in these accounts and management believes it is not exposed to any significant credit risk.

CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are recognized as income when made and reported at realizable value based upon estimated future cash flows. Unconditional promises to give expected to be collected within one year are reported at net realizable value because the present value of estimated cash flows approximates net realizable value. Unconditional promises to give expected to be collected in future years are reported at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are expected to be received. This discount rate is based on yields of U.S. treasury bills corresponding to the timing of the contributions receivable. Amortization of the discount is included in contributions revenue in the statements of activities. Management believes all contributions receivable balances are fully collectible at both June 30, 2023 and 2022; there is, therefore no allowance for doubtful promises to give.

PREPAID EXPENSE

Prepaid expense at June 30, 2023 and 2022 consists of insurance premium payments which have been paid prior to the end of the fiscal year but which benefit the following fiscal year.

INTANGIBLE ASSETS

Intangible assets are reported at cost, estimated cost or fair value. Expenditures for intangible assets in excess of $1,000 and having estimated useful lives of three years or more are capitalized at cost when purchased. Donated items are reported at their estimated fair values as of the date the gifts are received. Amortization is reported using the straight-line method over the estimated useful lives of the assets. Intangible assets were fully amortized prior to the year ended June 30, 2023.

NET ASSETS

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

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor or certain grantor-imposed restrictions.

Net assets with donor restrictions are net assets subject to donor or certain grantor-imposed 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

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash and services are reported at their estimated fair value. AM reports donations of property and equipment as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with restrictions regarding their use and contributions of cash to acquire property are reported as restricted support.

All other revenues are recorded when earned.

GIFTS IN KIND

During the year ended June 30, 2023, AM received various donated items and contributed professional services that are reflected in the statement of activities at their estimated fair value under gifts in kind. During the years ended June 30, 2023 and 2022, AM was provided with office space by a school. The estimated fair value of this office space is also reflected in the statement of activities under gifts in kind.

Gifts in kind activity is as follows:

	June 30, 2023	June 30, 2022
Office space	33,000	33,000
	$ 33,000	$ 33,000

ADVERTISING COSTS

Affinity Mentoring has adopted a policy of charging the cost of advertising to expenses that occur. Advertising expense for the years ended June 30, 2023 and 2022, amounted to $680 and $1,710, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred, that is, when the purchased goods or services have been received.

The costs of program, management and fund-raising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, management and fundraising activities benefiting from those expenditures.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. At AM, the methods used to allocate costs among program and support functions vary depending upon the nature of the expense category. Compensation related expenses are allocated based on proportional estimates of paid time spent in each functional area of performance. Occupancy and amortization costs are allocated to each functional area based on proportional estimates of facility and intangible asset usage. Other expenses are allocated based on the guidelines defining the nature of the program, management or fundraising expenses and the associated estimates of time and effort.

LIQUIDITY AND AVAILABILITY

AM has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure as detailed below. The amounts shown below are net of financial assets refilled to meet donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

	June 30, 2023	June 30, 2022
Cash	$ 8,526	$ 59,562
Accounts receivable	167,145	159,794
Contributions receivable	86,250	182,000
Less:		
Net assets with donor restrictions	(85,579)	(256,902)
	$ 176,342	$ 144,454

AM maintains a bank checking account for liquidity management.

3. GRANTS RECEIVABLE

AM is eligible for the Employee Retention Credit (“ERC”) under the CARES Act. $151,058 was received subsequent to June 30, 2023 in a combination of unpaid employment taxes for the quarters ending June 30, 2020 through September 30, 2021 Form 941 Employer Quarterly Federal Tax Return refund payments. Grants receivable for the ERC at June 30, 2022 total $151,058 which represents refunds due on the 2020 and 2021 Form 941 Employer Quarterly Federal Tax Returns for the quarters ended June 30, 2020 through September 30, 2021 Form 941-X Adjusted Employer’s Quarterly Federal Tax Return or Claim for Refund for the quarters ended June 30, 2020 through September 30, 2021. Interest receivable amounts related to the ERC are also included under grants receivable on the Statement of Financial Position.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2023 and 2022 consist of promises to give from one and two entities, respectively and are reported at realizable value, which approximates present value. See Note 2 for a description of the accounting policy for contributions receivable. Management has elected not to discount the receivable or to add an allowance. Contributions receivable are expected to be collected as follows:

Year ending June 30, 2023	$86,250

5. CAPITAL ASSETS

Capital asset activity was as follows:

	Balance at June 30, 2023
Furniture and fixtures	22,648
Computers and technology	4,762
Website development	8,588
Accumulated depreciation	(24,779)
Net capital assets	11,219

Depreciation expense for fiscal year ended June 30, 2023 and 2022 was $5,750 and $5,751, respectively.

6.COMPENSATED ABSENCES

The organization adopted a personnel policy which allows employees to accrue and carry over of paid time off (PTO) per calendar year. Unused PTO is not paid out but can be carried over.

As of June 30, 2023 and 2022, total compensated absences has accumulated in the amount of $18,147 and $17,027 respectively.

7. PPP LOAN FORGIVENESS

The forgiveness of the prior year PPP loan was reported as other income on the statement of activities for the year ended June 30, 2022.

8. CONCENTRATION

For the years ended June 30, 2023 and 2022, the top five donors provided approximately 57 and 36 percent of total contributions, respectively.

9. POST RETIREMENT BENEFIT PLAN

Effective July 1, 2019, AM provides a SIMPLE IRA retirement plan for employees who make at least $5,000 a year. AM matches employee contributions to the plan up to 3 percent of their compensation. Total contributions to the plan during the years ended June 30, 2023 and 2022 were $3,232 and $5,919, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS

Changes in net assets with donor restrictions are as follows:

	June 30, 2021	Contributions	Released from restrictions	June 30, 2022
Family engagement, mentor recruitment, screening, training and staff support	$ 141,771	$ 303,000	$ (187,869)	$ 256,902

	June 30, 2022	Contributions	Released from restrictions	June 30, 2023
Family engagement, mentor recruitment, screening, training and staff support	$ 256,902	$ -	$ (171,323)	$ 85,579

11. LEASE

The Organization leases office space for business under an operating lease agreement with an unrelated third party starting June 1, 2020 with expiration of the lease on May 31, 2023. As of June 30, 2023 the right-of-use asset has been amortized to $0. The correlating lease liability was reduced by lease payments to $0. The monthly lease payments for the lease are $400, with a annual increase of 2% after the first year. No other costs are incurred under the operating lease.The Organization has the option to renew at the end of the operating lease. As of June 30, 2023 there was no renewed or updated lease.

Rent expense under the operating lease for the years ended June 30, 2023 and 2022 was $5,400 and $5,100, respectively.

12. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through November 9, 2023, the date these financial statements were available to be issued.