

Financial Statements

Hart Felt Ministries, Inc.

Year Ended December 31, 2019 with Independent Auditors' Report

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Independent Auditors' 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, 2019, 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.

Auditors' 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, 2019, 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

August 20, 2020
Cornelius, Schou & Leone, LLC
Jacksonville, FL

Hart Felt Ministries, Inc.
Statement of Assets, Liabilities, and Net Assets
December 31, 2019

Assets

Current Assets:

Cash and cash equivalents \$ 352,542

Total Current Assets 352,542

Noncurrent Assets:

Property and equipment, net 39,760

Total Noncurrent Assets 39,760

Total Assets \$ 392,302

Liabilities and Net Assets

Net Assets:

With Donor Restriction \$ 5,874

Without Donor Restriction 386,428

Total Net Assets 392,302

Total Liabilities and Net Assets \$ 392,302

See accompanying notes to financial statements.

Hart Felt Ministries, Inc.
Statement of Revenues, Expenses, and Other Changes in Net Assets
Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Support:			
Churches	\$ 15,027	\$ 5,000	\$ 20,027
Individuals	67,962	-	67,962
Organizations	62,028	37,500	99,528
Net assets released from restrictions	53,192	(53,192)	-
Total Support	198,209	(10,692)	187,517
Revenue:			
Fundraisers	130,207	-	130,207
Interest income	5,572	-	5,572
Total Support and Revenue	333,988	(10,692)	323,296
Expenses			
Automotive	37,298	-	37,298
Fundraisers	31,407	-	31,407
Insurance	6,185	-	6,185
Office	18,008	-	18,008
Personnel	146,286	-	146,286
Program services	66,271	-	66,271
Recruitment and retention - volunteers	2,179	-	2,179
Telephone, rent, and internet	8,271	-	8,271
Total Expenses	315,905	-	315,905
Increase in Net Assets	18,083	(10,692)	7,391
Net Assets, beginning of year	368,345	16,566	384,911
Net Assets, end of year	\$ 386,428	\$ 5,874	\$ 392,302

See accompanying notes to financial statements.

Hart Felt Ministries, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Supporting Services Management and General	Fund and Resource Development	Total
Salaries and wages	\$ 127,268	\$ 8,748	\$ -	\$ 136,016
Payroll taxes	9,602	668	-	10,270
Legal fees	1,868	-	-	1,868
Fundraising	-	-	31,407	31,407
Advertising and promotion	6,521	97	-	6,618
Office expense	7,482	746	-	8,228
Printing, publications, and postage	3,247	226	-	3,473
Benefits paid to or for members	92,814	-	-	92,814
Occupancy	7,734	537	-	8,271
Travel	5,544	386	-	5,930
Insurance	6,045	421	-	6,466
Depreciation	4,544	-	-	4,544
	<u>\$ 272,669</u>	<u>\$ 11,829</u>	<u>\$ 31,407</u>	<u>\$ 315,905</u>

See accompanying notes to financial statements.

Hart Felt Ministries, Inc.
Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows from Operating Activities	
Net income (loss)	\$ 7,391
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation & Amortization	<u>4,544</u>
Increase in net assets	<u>11,935</u>
Net Cash used in Operating Activities	<u>11,935</u>
Cash Flows from Investing Activities	<u>-</u>
Cash Flows from Financing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	11,935
Cash, beginning of year	<u>340,607</u>
Cash, end of year	<u><u>\$ 352,542</u></u>

See accompanying notes to financial statements.

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2019

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 2019, the Organization had 543 clients and 198 volunteers that provided 11,119 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, 2019

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, 2019

Date of Management's Review

Subsequent events have been evaluated through August 20, 2020, 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. The potential impact to the Organization's financial statements is currently being evaluated, but is not expected to have a material impact on their financial statements.

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2019

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, 2019 is \$39,760 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, 2019 was \$4,544. The estimated carrying value of property and equipment as of December 31, 2019 is as follows:

	2019
Property and equipment	\$45,440
Less accumulated depreciation	5,680
	\$39,760

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
CSX	\$ -	\$ 172
Jim Moran Foundation	60,000	910
Rotary of South Jacksonville	-	509
PGA Tour	2,500	2,125
Christ Episcopal Church	5,000	2,158
Total	\$ 67,500	\$ 5,874

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2019

Note F - Major Contributor

The Organization had a significant contribution during the year ended December 31, 2019, from a single donor that totaled \$60,000.

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, 2016.

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 \$31,407 in fees to these various fundraisers during 2019.

Note J – Lease Expense

During 2019, the Organization leased office space in order to conduct its operations. The lease expense incurred in 2019 was \$8,271.

Note K – Subsequent Events

Office Lease

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.

Hart Felt Ministries, Inc.
Notes to Financial Statements
Year Ended December 31, 2019

Note K – Subsequent Events (continued)

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.