

**FORGOTTEN MAN MINISTRIES**  
**(dba Reach the Forgotten Jail Ministry)**

FINANCIAL STATEMENTS

June 30, 2023 and 2022

# FORGOTTEN MAN MINISTRIES

---

## *Table of Contents*

---

Independent Auditors' Report	3 – 4
Statements of Financial Position	5
Statements of Activities and Changes in Net Assets	6 – 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 20



4145 Embassy Dr. SE  
Grand Rapids, MI 49546

616.957.0691  
[www.vba.cpa](http://www.vba.cpa)

## Independent Auditors' Report

To the Board of Directors  
Forgotten Man Ministries  
Grand Rapids, Michigan

### ***Opinion***

We have audited the accompanying financial statements of Forgotten Man Ministries (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Forgotten Man Ministries as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Forgotten Man Ministries 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 Forgotten Man Ministries' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Forgotten Man Ministries' 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Forgotten Man Ministries' 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.



Grand Rapids, MI  
October 26, 2023

# FORGOTTEN MAN MINISTRIES

## Statements of Financial Position

June 30,

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 317,163	\$ 248,185
Prepaid expenses	28,598	26,221
Employee retention tax credit receivable	-	338,389
Endowment investments	33,305	33,089
Investments	786,731	737,002
Unconditional promises to give	5,000	65,000
Note receivable	-	5,081
Right-of-use assets - operating lease	64,667	-
Property and equipment, net	219,891	233,332
<b>TOTAL ASSETS</b>	<b>\$ 1,455,355</b>	<b>\$ 1,686,299</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 39,190	\$ 26,700
Accrued expenses	25,794	75,759
Lease obligation - operating lease	64,667	-
<b>TOTAL LIABILITIES</b>	<b>129,651</b>	<b>102,459</b>
<b>COMMITMENTS AND CONTINGENCIES</b> (Notes G and H)		
<b>NET ASSETS:</b>		
Without donor restrictions	1,287,399	1,482,515
With donor restrictions	38,305	101,325
<b>TOTAL NET ASSETS</b>	<b>1,325,704</b>	<b>1,583,840</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,455,355</b>	<b>\$ 1,686,299</b>

- See accompanying notes to the financial statements -

# FORGOTTEN MAN MINISTRIES

*For the Year Ended  
June 30, 2023*

*Statements of Activities and Changes in Net Assets*

---

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
CHANGES IN NET ASSETS			
Revenue and Support:			
Contributions	\$ 2,239,193	\$ 5,000	\$ 2,244,193
Investment income (loss)	33,721	-	33,721
Interest income	33,040	216	33,256
Other income	330	-	330
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	68,236	(68,236)	-
 Total Revenue and Support	 <u>2,374,520</u>	 <u>(63,020)</u>	 <u>2,311,500</u>
Expenses			
Program services	1,896,164	-	1,896,164
Management and general	384,793	-	384,793
Fundraising	288,679	-	288,679
 Total Expenses	 <u>2,569,636</u>	 <u>-</u>	 <u>2,569,636</u>
 CHANGE IN NET ASSETS	 (195,116)	 (63,020)	 (258,136)
 NET ASSETS, at beginning of period	 <u>1,482,515</u>	 <u>101,325</u>	 <u>1,583,840</u>
 NET ASSETS, at end of period	 <u>\$ 1,287,399</u>	 <u>\$ 38,305</u>	 <u>\$ 1,325,704</u>

- See accompanying notes to the financial statements -

# FORGOTTEN MAN MINISTRIES

*For the Year Ended  
June 30, 2022*

*Statements of Activities and Changes in Net Assets*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>CHANGES IN NET ASSETS</b>			
Revenue and Support:			
Contributions	\$ 1,935,540	\$ 68,146	\$ 2,003,686
Paycheck protection plan loan forgiveness	283,345	-	283,345
Employee retention credit	156,292	-	156,292
Investment income (loss)	(74,869)	-	(74,869)
Interest income	4,816	20	4,836
Gain (loss) on sale of assets	206,002	-	206,002
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	52,850	(52,850)	-
 Total Revenue and Support	 <u>2,563,976</u>	 <u>15,316</u>	 <u>2,579,292</u>
Expenses			
Program services	1,582,510	-	1,582,510
Management and general	377,212	-	377,212
Fundraising	279,718	-	279,718
 Total Expenses	 <u>2,239,440</u>	 <u>-</u>	 <u>2,239,440</u>
 CHANGE IN NET ASSETS	 324,536	 15,316	 339,852
 NET ASSETS, at beginning of period	 <u>1,157,979</u>	 <u>86,009</u>	 <u>1,243,988</u>
 NET ASSETS, at end of period	 <u>\$ 1,482,515</u>	 <u>\$ 101,325</u>	 <u>\$ 1,583,840</u>

- See accompanying notes to the financial statements -

*Statements of Cash Flows**For the Years Ended  
June 30,**2023                      2022***CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (258,136)	\$ 339,852
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Depreciation	24,688	22,683
Amortization expense - right-of-use leased asset	10,041	-
Change in (repayment of) lease obligations	(10,041)	-
(Gain) on property held for sale	-	(206,002)
(Gain) loss on sale of investments	6,800	9,626
Unrealized (gain) loss on investments	(51,861)	65,243
Paycheck protection plan loan forgiveness	-	(283,345)
Noncash note receivable forgiveness	5,081	4,954
Changes in assets and liabilities:		
Decrease in ERC receivable	338,389	56,439
(Increase) decrease in promises to give	60,000	(65,000)
(Increase) in prepaid expenses	(2,377)	(515)
Increase (decrease) in accounts payable and accrued expenses	(37,475)	17,308

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**85,109                      (38,757)**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sale of investments	223,552	144,975
Purchase of investments	(228,436)	(551,600)
Proceeds from sale of land held for sale	-	254,316
Purchase of equipment and improvements	(11,247)	(60,335)

**NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES**(16,131)                      (212,644)**NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES**-                                      -



## FORGOTTEN MAN MINISTRIES

<i>Statements of Cash Flows</i>	<i>For the Years Ended</i>	
	<i>June 30,</i>	
	<i>2023</i>	<i>2022</i>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>\$ 68,978</u>	<u>\$ (251,401)</u>
CASH AND CASH EQUIVALENTS, at beginning of the year	<u>248,185</u>	<u>499,586</u>
CASH AND CASH EQUIVALENTS, at end of the year	<u>\$ 317,163</u>	<u>\$ 248,185</u>
NONCASH TRANSACTIONS		
Noncash donations used for program expenses	\$ 321,575	\$ 4,416
Note receivable forgiveness	<u>5,081</u>	<u>4,954</u>
	<u>\$ 326,656</u>	<u>\$ 9,370</u>

- See accompanying notes to the financial statements -

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

### NOTE A - ORGANIZATION AND PURPOSE

Forgotten Man Ministries' dba Reach the Forgotten Jail Ministry (the Organization) is a 501(c)3 religious organization. Founded in 1966, the Organization's main purpose is to disciple, in the name of Jesus Christ, inmates in Michigan county jails through chaplain-led, biblically based programs. This is best accomplished by the placement of the Organization's chaplain to coordinate a team of volunteers within each of the 33 jails currently being served.

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Presentation:** The financial statements are presented on the accrual basis of accounting.

**Cash and Cash Equivalents:** For financial statement purposes, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Investments:** Investments consist of certificates of deposit with original maturity dates greater than 90 days, equities, mutual funds, and exchange traded funds. Certificates of deposit and annuities are held at cost. Stocks, mutual funds, and exchange traded funds are held at fair value.

**Promises to Give:** Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization considers the promises to give fully collectible.

**Fair Value Measurements:** The Organization's investments are reported at fair value in the accompanying statements of financial position. The following presents fair value measurement information for certain financial instruments.

The framework for measuring fair value 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 (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

#### *Level 1 Fair Value Measurements*

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.

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

### *Level 2 Fair Value Measurements*

Inputs to the valuation methodology includes 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 specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

### *Level 3 Fair Value Measurements*

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

The asset 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs. All investments are level 1, and the Organization does not have any level 2 or level 3 investments at June 30, 2023 and 2022. The following is a description of the valuation methodologies used for assets measured at fair value:

**Mutual funds:** Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded and are presented as level 1 in the fair value measurements table.

**Exchange-Traded Funds:** Valued at their daily closing price as reported by the fund. The exchange traded funds held by the Organization are required to publish their daily net asset value (NAV) and to transact at that price. The exchange traded funds held by the Organization are deemed actively traded and are presented as level 1 in the fair value measurements table.

**Property and Equipment:** Property and equipment are stated at cost, except for donated items which are recorded at fair market value at the date of gift. Expenditures for additions and improvements over \$500 are capitalized; expenditures for repairs and maintenance are expensed as incurred. Depreciation is computed over the estimated useful lives of the assets by the straight-line method.

**Operating Leases as Lessee:** Effective January 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2016-02, Leases (ASC Topic 842) and subsequent amendments. ASC 842 affects all companies that enter into lease arrangements, with certain exclusions under limited scope limitations. Under ASU 2016-02, an entity recognizes right-of-use assets and lease obligations on its balance sheet for all leases with a lease term of more than 12 months. Short-term

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

rentals under year-to-year leases or remaining lease terms of 12 months or less are exempt from being capitalized.

In adopting the new lease standard, the Organization had no existing leases at the date of the lease's inception, July 1, 2022.

Additionally, as part of the implementation, the Organization elected to use a package of optional practical expedients which permit the Organization to avoid reassessing previous lease identifications within contracts, the existence of initial direct costs, and the lease classifications of any expired and existing leases. Moreover, in accordance with the expedients, all leases classified as operating leases under previous U.S. GAAP are automatically classified as operating leases under the new standard, and all leases previously classified as capital leases are recorded as finance leases.

On September 22, 2022, the Organization recorded in its balance sheet a right-of-use asset and lease obligation for a new operating lease in the amount of \$74,708.

The new standard requires that leases with a lease term of more than 12 months be classified as either finance or operating leases. Leases are classified as finance leases when the Organization expects to consume a major part of the economic benefits of the leased assets over the remaining lease term. Conversely, the Organization is not expected to consume a major part of the economic benefits of assets classified as operating leases. For operating leases, total lease cost is measured and recorded on a straight-line basis over the lease term.

The lease classification affects both the pattern and presentation of expense recognized in the income statement, the categorization of assets and liabilities in the balance sheet, and classification of cash flows in the statement of cash flows.

The Organization has a policy electing not to capitalize short-term leases with a lease term of 12 months or less.

Lease obligations are measured and recorded at the present value of future lease payments using a discount rate. The rate implicit in the lease was 3.3%.

Right-of-use assets are generally measured and recorded at the sum of the lease obligation, any initial direct costs to consummate the lease, and any lease payments made on or before the commencement date.

No additional leases were capitalized in 2023.

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

**Contributions:** Contributions are recognized as revenue when they are received or unconditionally pledged. The Organization reports gifts of cash and other assets as with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, 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 statement of activities as net assets released from restrictions. Donor-imposed restrictions that are fulfilled in the same period they are received are recorded as net assets without donor restrictions.

The Organization reports gifts of property and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Income Taxes:** The Organization is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Generally, income tax returns filed within the last three years remain open and subject to audit by regulatory authorities. The Organization concludes that there are no significant uncertain tax positions requiring recognition in the financial statements.

**Employee Retention Credit:** Laws and regulations concerning government programs, including the Employee Retention Credit (ERC) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Organization.

**Estimates:** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations of Risk:** The Organization's financial instruments that are exposed to concentrations of risk consist primarily of cash and cash equivalents. At times, cash balances may be in excess of the F.D.I.C. insurance limit.

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

The Organization receives a substantial amount of its revenue from various individuals, churches, and organizations. A significant reduction in the level of this support, if it were to occur, may affect the Organization's programs and activities.

**Functional Allocation of Expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort. The remaining expenses have been allocated on a basis of estimates of usage by the various areas.

**Non-Cash Contributions:** Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. A number of individuals volunteer their time for the Organization's program services and general operations. The contributed services are not specialized in nature and are not reported as revenue and expenses in the accompanying financial statements. These services do not meet the criteria for recognition as donated services.

**Reclassifications:** Certain amounts as reported in the 2022 financial statements and footnotes have been reclassified to conform to the 2023 presentation.

### NOTE C – ENDOWMENT INVESTMENTS

During the year ended June 30, 2021, the Organization entered into a 5 year annuity with a guaranteed return of 7.5% over the 5 year period. The annuity does provide a substantial penalty for early withdrawal. Interest income earned on the annuity was \$863 and \$81 for the years ended June 30, 2023 and 2022, respectively. The annuity is valued at contract value. The annuity is credited with earnings at stated crediting rates and reduced for charged fees. The issuer (Athene) is contractually obligated to repay the principal and a specified interest rate that is guaranteed by the issuer. The crediting rate is reviewed on an annual basis for resetting.

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

### NOTE D – INVESTMENTS

Investments consist of the following at:

	June 30,	
	<u>2023</u>	<u>2022</u>
Investments held at fair value (Level 1):		
Mutual funds	\$ 437,923	\$ 520,872
Exchange traded funds	347,803	216,130
Annuity	<u>1,005</u>	<u>-</u>
Total investments	<u>\$ 786,731</u>	<u>\$ 737,002</u>

### NOTE E – NOTE RECEIVABLE – OFFICER

The Organization had a note receivable from an officer with interest at 2.5%. The note requires annual principal and interest payments with final payment due December 2022. The balance was \$0 and \$5,081 as of June 30, 2023 and 2022, respectively.

### NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 207,942	\$ 203,157
Office equipment	86,698	80,235
Software	<u>7,965</u>	<u>7,965</u>
	302,605	291,357
Less accumulated depreciation	<u>(82,714)</u>	<u>(58,025)</u>
	<u>\$ 219,891</u>	<u>\$ 233,332</u>

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

### NOTE G – LEASES

Amounts recognized as right-of-use assets related to operating leases are included in right-of-use assets in the balance sheet, while related lease liabilities are included in the current and long-term lease obligation.

As of June 30, 2023, right-of-use assets and lease obligation related to operating leases were as follows:

Right-of-use assets:	
Cost	\$ 74,708
Less: Accumulated amortization	(10,041)
	<u>64,667</u>
Lease liabilities:	
Current portion	\$ 14,411
Long-term portion	50,256
	<u>\$ 64,667</u>

### *Quantitative lease information*

Operating lease cost were \$11,784 for the year ended June 30, 2023.

### *Maturity analysis and reconciliation to balance sheet*

A summary of the future lease payments for operating leases, reconciled to the lease obligations recorded at June 30, 2023, are as follows:

2024	\$ 16,329
2025	16,329
2026	16,329
2027	16,329
2028	4,081
Total minimum lease payments	<u>69,397</u>
Less effects of discounting	(4,730)
Lease obligations recorded at June 30, 2023	64,667
Less current portion	<u>(14,411)</u>
Long-term lease obligations	<u>\$ 50,256</u>



# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

### NOTE H - NOTES PAYABLE

The Organization has a \$75,000 unsecured line-of-credit agreement with a bank. Borrowings under the agreement bear interest at 8.25% at June 30, 2023. There was no outstanding balance on the line as of June 30, 2023 and 2022.

During the year ended June 30, 2021, the Organization received disbursements from the Paycheck Protection Program (PPP) of \$283,345 to cover payroll and other approved expenses. The Organization used the funds for payroll and approved costs. The PPP funds were forgiven in full and recorded as revenue during the year ended June 30, 2022.

### NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

#### *OTHER RESTRICTIONS*

The Organization has received donations to support operations in specific county jails throughout Michigan. The remaining balance of \$0 and \$3,236 at June 30, 2023 and 2022, respectively is included in net assets with donor restrictions. In addition, the Organization has \$5,000 and \$65,000 in promises to give at June 30, 2023 and 2022, respectively. These amounts are also included in net assets with donor restrictions.

#### *ENDOWMENT FUND*

The Endowment Fund is restricted by the donor. Per the agreement with the donor, 25% of the earnings for the year on the restricted balance should remain restricted while the remaining 75% is to be used for chaplaincy related expenses.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 of this interpretation, the Organization classifies as net assets with donor restrictions as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion, if any, of the donor restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in the manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide operations with current income. Endowment assets were invested in an annuity in May 2021 (See Note C). Prior to May 2021 the endowment was invested in certificates of deposit. The Organization seeks to build endowment assets through additional contributions. The current spending policy is not expected to allow the Organization's endowment fund to grow significantly as a result of investment returns. This is consistent with the Organization's objectives to provide income for operations, preserve endowment assets without subjecting them to substantial risk, and provide additional real growth through new gifts.

Changes in the Endowment Fund are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Endowment fund, beginning of year	\$ 33,089	\$ 33,069
Investment income	<u>216</u>	<u>20</u>
Endowment fund, end of year	<u>\$ 33,305</u>	<u>\$ 33,089</u>

### NOTE J – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is supported by restricted and unrestricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As part of the Organization's liquidity management, the Organization keeps cash on hand to cover future expenses. The following reflects the Organizations financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

### Financial Assets:

Cash and cash equivalents	\$ 317,163
Endowment investments	33,305
Investments	786,731
Promises to give	<u>5,000</u>
Financial Assets, at year end	<u>1,142,199</u>
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Permanent endowment restrictions	(33,305)
Restrictions by donor with time or purpose restrictions	<u>(5,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,103,894</u>

Additionally, the Organization has a line of credit with available funds up to \$75,000 for the year ended June 30, 2023.

### NOTE K – SUBSEQUENT EVENTS

The Organization evaluates events and transactions that occur after year-end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through the date of the independent auditors' report, October 26, 2023, which is also the date the financial statements were available to be issued.

# FORGOTTEN MAN MINISTRIES

## *Notes to Financial Statements*

---

### NOTE L - FUNCTIONAL EXPENSES

For the year ended June 30, 2023:

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Director compensation	\$ 35,134	\$ 35,134	\$ 36,199	\$ 106,467
Chaplains' salaries	1,009,272	-	-	1,009,272
Office salaries	119,835	165,010	86,574	371,419
Payroll taxes	82,860	13,791	8,063	104,714
Health-insurance benefits	201,288	26,795	9,996	238,079
Life-insurance benefits	362	352	119	833
Auto expense	54,194	7,332	2,232	63,758
Chaplains expenses	43,342	-	-	43,342
Programs at the jail	35,113	-	-	35,113
Bibles	6,859	-	-	6,859
Literature	3,807	-	-	3,807
Bible courses	8,719	-	-	8,719
Events	32,925	-	76,826	109,751
Promotions	94,099	1,439	5,011	100,549
General insurance	1,244	1,866	1,037	4,147
Education	34,091	-	-	34,091
Communications	5,526	2,763	921	9,210
Subscriptions	-	854	-	854
Equipment lease & rental	6,722	6,722	1,494	14,938
Equipment repairs & maintenance	22,425	5,980	1,495	29,900
Building repairs & maintenance	602	902	501	2,005
Depreciation	7,406	11,110	6,172	24,688
Facilities expense	6,263	9,395	5,219	20,877
Professional fees	37,280	27,595	19,750	84,625
Office supplies	5,376	5,214	1,072	11,662
Mailing/Printing expense	37,031	52,901	15,870	105,802
Interest/Fees expense	-	9,638	10,128	19,766
Miscellaneous	4,389	-	-	4,389
	<u>\$ 1,896,164</u>	<u>\$ 384,793</u>	<u>\$ 288,679</u>	<u>\$ 2,569,636</u>

## FORGOTTEN MAN MINISTRIES

### *Notes to Financial Statements (Concluded)*

For the year ended June 30, 2022:

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Director compensation	\$ 24,580	\$ 49,159	\$ 24,580	\$ 98,319
Chaplains' salaries	955,675	-	-	955,675
Office salaries	150,291	124,978	59,522	334,791
Payroll taxes	59,030	16,225	7,127	82,382
Health-insurance benefits	141,838	23,094	14,274	179,206
Life-insurance benefits	303	447	99	849
Auto expense	33,700	4,559	1,388	39,647
Chaplains expenses	33,312	-	-	33,312
Programs at the jail	21,419	-	-	21,419
Bibles	5,772	-	-	5,772
Literature	415	-	-	415
Bible courses	674	-	-	674
Events	23,200	-	54,132	77,332
Promotions	-	-	47,710	47,710
General insurance	4,702	1,343	672	6,717
Education	6,531	-	-	6,531
Communications	4,209	2,105	702	7,016
Subscriptions	-	646	-	646
Equipment lease & rental	11,378	1,339	669	13,386
Equipment repairs & maintenance	31,272	3,680	1,839	36,791
Building repairs & maintenance	2,742	783	392	3,917
Depreciation	15,878	4,537	2,268	22,683
Facilities expense	5,535	1,581	791	7,907
Professional fees	-	68,345	40,350	108,695
Office supplies	4,496	7,993	1,643	14,132
Mailing/Printing expense	42,651	60,930	18,279	121,860
Interest/Fees expense	2,187	5,468	3,281	10,936
Miscellaneous	720	-	-	720
	<u>\$ 1,582,510</u>	<u>\$ 377,212</u>	<u>\$ 279,718</u>	<u>\$ 2,239,440</u>