

SOLOMON'S TEMPLE FOUNDATION, INC.

FINANCIAL REPORT

DECEMBER 31, 2020

SOLOMON'S TEMPLE FOUNDATION, INC.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Solomon's Temple Foundation, Inc.
Atlanta, Georgia**

We have audited the accompanying financial statements of **Solomon's Temple Foundation, Inc.** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses 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 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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.

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 Solomon's Temple Foundation, Inc. as of December 31, 2020, 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
February 3, 2022

SOLOMON'S TEMPLE FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	120,629
Unconditional promises to give		85,000
Employee receivables		2,201
Prepaid expenses		2,100

Total current assets		209,930
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PROPERTY AND EQUIPMENT

Computers and equipment		12,510
Furniture and fixtures		13,895
Leasehold improvements		262,000
Total property and equipment, at cost		288,405
Less accumulated depreciation		51,558

Total property and equipment, net		236,847
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NONCURRENT ASSETS

Unconditional promises to give, less current portion		75,000
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Total assets		\$ 521,777
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	5,375
Accrued interest		4,944
Current portion of PPP loan		58,152

Total current liabilities		68,471
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NONCURRENT LIABILITIES

Note payable		86,950
PPP loan, less current portion		16,848

Total non-current liabilities		103,798
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Total liabilities		172,269
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NET ASSETS

Without donor restrictions		158,137
With donor restrictions		191,371

Total net assets		349,508
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Total liabilities and net assets		\$ 521,777
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See Notes to Financial Statements.

SOLOMON'S TEMPLE FOUNDATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Support			
Contributions and grants	\$ 368,940	\$ 261,580	\$ 630,520
In-kind contributions	622,501	-	622,501
Special events revenue	10,100	-	10,100
Less: costs of direct benefits to donors	(105)	-	(105)
Total special events revenue, net	9,995	-	9,995
Net assets released from restrictions	102,757	(102,757)	-
Total support	1,104,193	158,823	1,263,016
Interest income	75	-	75
Other income	17	-	17
Total support and revenues	1,104,285	158,823	1,263,108
EXPENSES			
Program services	859,602	-	859,602
Supporting services			
General and administrative	191,284	-	191,284
Fundraising	19,006	-	19,006
Total supporting services	210,290	-	210,290
Total expenses	1,069,892	-	1,069,892
Change in net assets	34,393	158,823	193,216
NET ASSETS, BEGINNING OF YEAR	123,744	32,548	156,292
NET ASSETS, END OF YEAR	\$ 158,137	\$ 191,371	\$ 349,508

See Notes to Financial Statements.

SOLOMON'S TEMPLE FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Supporting Services		Total Supporting Services	Total Expenses
		General and Administrative	Fundraising		
Salaries and wages	\$ 214,115	\$ 81,150	\$ 13,529	\$ 94,679	\$ 308,794
Employee benefits and taxes	26,685	8,654	-	8,654	35,339
Repairs and maintenance	12,961	-	-	-	12,961
Utilities	151,607	660	-	660	152,267
Insurance	26,374	1,850	-	1,850	28,224
Professional fees	35,833	-	-	-	35,833
Supplies	27,631	1,504	-	1,504	29,135
Miscellaneous	1,018	4,478	-	4,478	5,496
Annual gala	-	-	5,477	5,477	5,477
Rapid rehousing	1,437	-	-	-	1,437
Rent expense	345,600	86,400	-	86,400	432,000
Interest expense	-	2,503	-	2,503	2,503
Depreciation	16,341	4,085	-	4,085	20,426
Total expenses	\$ 859,602	\$ 191,284	\$ 19,006	\$ 210,290	\$ 1,069,892

See Notes to Financial Statements.

SOLOMON'S TEMPLE FOUNDATION, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	193,216
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation		20,426
Changes in assets and liabilities		
(Increase) in unconditional promises to give		(160,000)
(Increase) in employee receivables		(2,201)
Decrease in prepaid expenses		989
(Decrease) in accounts payable and accrued expenses		(12,630)
Increase in accrued interest		2,503
		<hr/>
Net cash provided by operating activities		42,303

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment		(29,222)
Net cash (used in) investing activities		<hr/> (29,222) <hr/>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from PPP loan		75,000
Net cash provided by financing activities		<hr/> 75,000 <hr/>

Net increase in cash and cash equivalents 88,081

Cash and cash equivalents

 Beginning of year

32,548

 End of year \$

120,629

See Notes to Financial Statements.

SOLOMON'S TEMPLE FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Solomon's Temple Foundation, Inc. (the "Foundation") is a not-for-profit organization dedicated to the eradication of homelessness by empowering women and their children to overcome life's challenges, realize their potential, define their own destiny and become vital factors in the revitalization and sustainability of their community. The Foundation operates a holistic emergency and transitional facility for homeless women and their children in Atlanta, Georgia to improve their lives and increase their economic capacity by offering education and employment services, housing services, direct financial resources, and community building programs. The core programs of shelter, food, coaching and employment services are designed to help guide homeless families toward lives of independence.

Significant Accounting Policies

The significant accounting policies adopted by the Foundation are set forth below:

Basis of Presentation

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The Foundation presents its financial statements in accordance with Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB, the Foundation 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.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions, which are used to account for resources available to carry out the purposes of the Foundation in accordance with the limitations of its bylaws. Board designated net assets are without donor restrictions but are designated by the Board to be spent for specific purposes. At December 31, 2020, the Foundation did not have any board designated net assets.

Net Assets With Donor Restrictions – 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Donor-imposed restrictions are released when a restriction expires, this is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. At December 31, 2020, net assets with donor restrictions were \$191,371.

Use of Estimates

The preparation of 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value less an appropriate allowance for uncollectible amounts. Conditional promises to give are recognized when the existing barriers are met. Unconditional promises to give over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The allowance for doubtful promises to give is based on specifically identified amounts that the Foundation believes to be uncollectible, plus certain percentages of aged contribution receivables, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Foundation's donor base. If actual collections experience changes, revisions to the allowance may be required.

Contributed assets such as equipment, other assets, and marketable equity securities acquired by gift are recorded at fair market value when the Foundation obtains possession or an unconditional promise to give. In-kind contributions, such as rent, utilities, repairs and maintenance, and supplies, are reflected in the accompanying financial statements. A substantial number of volunteers have donated their time to the program services and fund-raising campaigns of the Foundation. However, no amounts have been reflected in the financial statements for volunteer services because the criteria for recognition of such volunteer effort under the FASB codification have not been satisfied.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies (Continued)

Contributions (Continued)

If donated services received either create or enhance non-financial assets or require specialized skills which would need to be purchased if not donated, the value of those donated services would be recorded in accordance with the FASB codification.

For the year ended December 31, 2020, the in-kind contributions revenues and expenses that are included in the accompanying statement activities and statement of functional expenses are as follows:

Rent expense	\$	432,000
Utilities		150,000
Repairs and maintenance		5,833
Supplies		34,668
	\$	<u>622,501</u>

The Foundation recognizes contributions and grant revenue in the accompanying statements of activities in accordance with ASC Topic 958, *Not-for-Profit Entities: 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 Recognition

Revenue is recognized in the period when earned. Deferred revenue represents cash received that is to be earned in future periods.

In accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*, the Foundation recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. The Foundation recognizes certain special events revenue in accordance with ASC Topic 606, which is recognized at the time the special events take place and the transaction is executed, as that is the point in time the Foundation fulfills the performance obligation.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies: (Continued)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash consists of cash held in checking and money market accounts. Cash balances are maintained with financial institutions which are insured by the Federal Deposit Insurance Corporation. Balances exceed insured amounts from time to time. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash.

Property and Equipment

Property and equipment are recorded at historical cost or at fair market value at the date of gift, if donated. Depreciation is recognized based on the straight-line method over estimated useful lives. Major expenditures for improvements, which substantially increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are expensed in the year incurred.

The estimated useful lives of the various classes of assets are as follows:

<u>Class of Asset</u>	<u>Estimated Useful Life (years)</u>
Leasehold improvements	15
Computers and equipment	5
Furniture and fixtures	5

Income Tax Status

The Internal Revenue Service has determined that the Foundation is exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in these financial statements.

Management of the Foundation considers the likelihood of changes by taxing authorities in its exempt organization returns and discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities. Management has not identified any uncertain tax positions in filed returns that require disclosure in the accompanying financial statements.

The Foundation files Form 990 in the U.S. federal jurisdiction and the State of Georgia.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant Accounting Policies: (Continued)

Functional Allocation of Expenses

The Foundation reports certain categories of expenses that are attributed to more than one program or supporting function as required by the FASB Codification. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depreciation, insurance, utilities, and rent expenses are allocated on a square footage basis. Salaries and wages as well as employee benefits and taxes are allocated on the basis of estimates of time and effort.

NOTE 2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date as of December 31, 2020, comprise the following:

Cash and cash equivalents	\$ 120,629
Unconditional promises to give, current	85,000
Employee receivables	2,201
Financial assets, at year-end	<u>207,830</u>
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions	<u>(31,447)</u>
	<u>\$ 176,383</u>

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Foundation are expected to be met on a monthly basis from contribution and grants revenue generated. In general, the Foundation maintains sufficient financial assets on hand to meet 30 days of normal operating expenses.

NOTE 3. UNCONDITIONAL PROMISES TO GIVE

At December 31, 2020, unconditional promises to give consisted of the following:

Unconditional promises to give with time restrictions	<u>\$ 160,000</u>
Amount due in:	
2021	\$ 85,000
2022	75,000
	<u>\$ 160,000</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 3. UNCONDITIONAL PROMISES TO GIVE (Continued)

Management has determined these unconditional promises to give are fully collectible as of December 31, 2020. At December 31, 2020, the discount rate used was 2.8 percent as a risk-free interest rate.

In 2015, the Foundation received an in-kind conditional promise to give with INVEST ATLANTA (an economic development authority for the City of Atlanta)(the “lessor”) to lease an approximately 27,000 sq. ft real property facility for a nominal amount of \$10 annually that is used to operate a holistic emergency and transitional facility for homeless women and their children. The Foundation entered into a sublease agreement with the lessor for an original term of ten years through May 2025, with two ten-year renewal options by mutual consent of the lessor and the Foundation. The lessor agrees to cover incurred utility costs up to \$150,000 annually. Under the terms of the agreement, the Foundation has agreed to continue to operate the agreed-upon programs at the facility, as well as some other operating and maintenance obligations over the lease term. The lessor reserves the right to terminate the lease at any time upon one hundred eighty days written notice. As prescribed by FASB's Not-For-Profit contribution recognition and measurement guidance, management has determined the in-kind promise to give to be conditional on the incurred utilities annual usage, as well as the lessor termination clause. The Foundation estimates the fair market value of the in-kind rent as well as the incurred utilities and recognizes in-kind contribution revenues annually. For the year ending December 31, 2020, the Foundation has recognized an in-kind contribution in the accompanying statement of activities for rent of \$432,000 and for utilities of \$150,000, respectively.

NOTE 4. NOTES PAYABLE

In March 2018, the Foundation obtained a promissory note from Ourania-Epimetheus, LLC, a related party, for \$210,000. Under the terms of the note, a lump sum payment is due at the maturity date. The loan carries a fixed interest rate of 2.8% and matures on December 31, 2022. As of December 31, 2020, the Foundation has \$4,944 of interest accrued and an outstanding balance of \$86,950.

In April 2020, the Foundation qualified for and received a loan pursuant to the first round of the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from a qualified lender for an aggregate principal amount of \$75,000 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first ten months of interest deferred, has a term of two years (matures in April 2022), and is unsecured and guaranteed by the SBA. The SBA’s Paycheck Protection Program offers a forgiveness feature if certain requirements are met (using the monies for payroll costs, covered rent and covered utility payments incurred). In May 2021, the Foundation applied for forgiveness of its PPP Loan with respect to these covered expenses and received approval of forgiveness from the SBA.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. NOTES PAYABLE (Continued)

Aggregate maturities required on the notes payable at December 31, 2020 due in future years are as follows:

2021	\$	58,152
2022		103,798
		<u>161,950</u>

For the year ended December 31, 2020, the Foundation incurred \$2,503 of interest expense.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2020:

Subject to expenditure for specified purpose:

Purpose:		
Campus facilities	\$	20,645
Emergency food and shelter program		8,750
Rapid rehousing		1,976
Time		<u>160,000</u>
	\$	<u>191,371</u>

NOTE 6. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2020:

Satisfaction of purpose restrictions:

Campus facilities	\$	14,675
Rapid rehousing		3,082
Time		<u>85,000</u>
	\$	<u>102,757</u>

NOTE 7. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are worldwide. The related financial impacts and duration cannot be reasonably estimated.

NOTE 8. RELATED PARTY TRANSACTIONS

The Foundation entered into a note payable (Note 4) with a Company that is owned by a member of the Foundation's Board of Directors.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through February 3, 2022, the date on which the financial statements were available to be issued.

As disclosed in Note 4, in May 2021, the Foundation applied for and received forgiveness of its first PPP Loan from the SBA.

In January 2021, the Foundation applied for a loan pursuant to the second round of the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from a qualified lender for an aggregate principal amount of \$64,965. This second PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first ten months of interest deferred, has a term of five years (matures in January 2026), and is unsecured and guaranteed by the SBA. In January 2022, the Foundation applied for and received forgiveness of its second PPP Loan from the SBA.