



6 Stones Mission Network

**Financial Statements
December 31, 2020 and 2019**

6 Stones Mission Network Contents

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Independent Auditors' Report

To the Board of Directors of
6 Stones Mission Network

We have audited the accompanying financial statements of 6 Stones Mission Network (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 6 Stones Mission Network as of December 31, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
May 27, 2021

6 Stones Mission Network
Statements of Financial Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 910,049	\$ 391,853
Cash held for others	18,955	22,486
Contributions receivable	12,632	9,565
Grants receivable	53,834	143,765
Inventory	123,641	89,970
Prepaid expenses	7,117	12,221
Total current assets	1,126,228	669,860
Property and equipment, net	243,610	187,285
Total assets	\$ 1,369,838	\$ 857,145
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 16,746	\$ 16,729
Accrued expenses	71,206	34,723
Deferred income	8,699	-
Due to others	18,955	22,486
Total current liabilities	115,606	73,938
Net assets:		
Without donor restrictions	794,238	439,906
With donor restrictions	459,994	343,301
Total net assets	1,254,232	783,207
Total liabilities and net assets	\$ 1,369,838	\$ 857,145

See notes to financial statements.

6 Stones Mission Network
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 1,363,654	\$ 288,335	\$ 1,651,989
Grants	310,835	148,200	459,035
In-kind donations	1,045,928	-	1,045,928
Net assets released from restrictions	319,842	(319,842)	-
Total support and revenue	3,040,259	116,693	3,156,952
Operating expenses:			
Program services	1,891,312	-	1,891,312
Supporting services	793,135	-	793,135
Total operating expenses	2,684,447	-	2,684,447
Non-operating expenses:			
Loss on sales of equipment	1,480	-	1,480
Change in net assets	354,332	116,693	471,025
Net assets at beginning of year	439,906	343,301	783,207
Net assets at end of year	\$ 794,238	\$ 459,994	\$ 1,254,232

See notes to financial statements.

6 Stones Mission Network
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 755,685	\$ 732,594	\$ 1,488,279
Grants	-	190,462	190,462
In-kind donations	860,977	-	860,977
Net assets released from restrictions	783,657	(783,657)	-
Total support and revenue	2,400,319	139,399	2,539,718
Expenses:			
Program services	1,510,237	-	1,510,237
Supporting services	623,309	-	623,309
Total expenses	2,133,546	-	2,133,546
Change in net assets	266,773	139,399	406,172
Net assets at beginning of year	173,133	203,902	377,035
Net assets at end of year	\$ 439,906	\$ 343,301	\$ 783,207

See notes to financial statements.

6 Stones Mission Network
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Supporting Services			Total
	Community Powered Revitalization	Community Activities	School Based Activities	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 142,044	\$ 62,197	\$ 51,723	\$ 255,964	\$ 287,658	\$ 151,325	\$ 438,983	\$ 694,947
Payroll taxes and employee benefits	51,633	36,781	5,467	93,881	84,063	36,731	120,794	214,675
Compensation and related expenses	193,677	98,978	57,190	349,845	371,721	188,056	559,777	909,622
Insurance	5,048	30,477	1,639	37,164	2,410	-	2,410	39,574
Professional fees and contract labor	20,550	-	-	20,550	17,081	108,500	125,581	146,131
Office	12,794	22,447	9,981	45,222	2,744	54	2,798	48,020
Postage and printing	3,860	15,107	1,105	20,072	1,847	35	1,882	21,954
Occupancy	32,593	183,006	11,802	227,401	71,845	-	71,845	299,246
Client assistance	89,117	759,009	242,032	1,090,158	-	-	-	1,090,158
Depreciation	2,802	33,722	-	36,524	2,715	-	2,715	39,239
Other	10,745	50,417	3,214	64,376	22,280	3,847	26,127	90,503
Total expenses	\$ 371,186	\$ 1,193,163	\$ 326,963	\$ 1,891,312	\$ 492,643	\$ 300,492	\$ 793,135	\$ 2,684,447

See notes to financial statements.

6 Stones Mission Network
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services				Supporting Services			Total
	Community Powered Revitalization	Community Activities	School Based Activities	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	
Salaries and wages	\$ 132,824	\$ 46,855	\$ 86,883	\$ 266,562	\$ 211,801	\$ 94,820	\$ 306,621	\$ 573,183
Payroll taxes and employee benefits	39,622	14,746	26,776	81,144	72,373	26,409	98,782	179,926
Compensation and related expenses	172,446	61,601	113,659	347,706	284,174	121,229	405,403	753,109
Insurance	5,517	25,922	1,791	33,230	8,175	-	8,175	41,405
Professional fees and contract labor	25,260	-	-	25,260	27,401	-	27,401	52,661
Office	12,803	20,074	16,438	49,315	2,502	-	2,502	51,817
Postage and printing	4,042	15,817	1,156	21,015	1,971	-	1,971	22,986
Occupancy	33,380	148,104	11,532	193,016	151,771	-	151,771	344,787
Client assistance	155,299	398,725	217,584	771,608	-	-	-	771,608
Depreciation	2,501	30,104	-	32,605	2,424	-	2,424	35,029
Other	10,499	23,496	2,487	36,482	22,369	1,293	23,662	60,144
Total expenses	\$ 421,747	\$ 723,843	\$ 364,647	\$ 1,510,237	\$ 500,787	\$ 122,522	\$ 623,309	\$ 2,133,546

See notes to financial statements.

6 Stones Mission Network
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 471,025	\$ 406,172
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	39,239	35,029
In-kind donation of property and equipment	(11,500)	-
Loss on the sale of equipment	1,480	-
Contribution restricted for capital campaign	(150,000)	-
Changes in operating assets and liabilities:		
Contributions receivable	(3,067)	8,546
Grants receivable	89,931	(120,304)
Prepaid expenses	5,104	(7,017)
Inventory	(33,671)	(89,970)
Accounts payable	17	(14,416)
Accrued expenses	36,483	3,064
Deferred income	8,699	-
Due to others	(3,531)	(1,225)
Net cash provided by operating activities	450,209	219,879
Cash flows from investing activities:		
Proceeds from sale of property and equipment	14,860	-
Purchases of property and equipment	(100,404)	(4,854)
Net cash used by investing activities	(85,544)	(4,854)
Cash flows from financing activities		
Contributions restricted for capital campaign	150,000	-
Net increase in cash	514,665	215,025
Cash at beginning of year	414,339	199,314
Cash at end of year	\$ 929,004	\$ 414,339
Reconciliation of cash and restricted cash reported within the statements of financial position to the statements of cash flows:		
Cash	\$ 910,049	\$ 391,853
Cash held for others	18,955	22,486
Total cash and restricted cash shown in the statements of cash flows	\$ 929,004	\$ 414,339
Noncash investing activities:		
In-kind donation of property and equipment	\$ 11,500	-

See notes to financial statements.

6 Stones Mission Network

Notes to Financial Statements

1. Organization

6 Stones Mission Network (Organization) meets the needs of people within the community including benevolence, food, clothing and other supplies through a coalition of churches, other not-for-profit agencies and other entities.

The Organization pursues its objectives through the execution of the following major programs:

Community Powered Revitalization – This program provides home renovations in Hurst, Bedford, Euless and Grapevine, Texas and surrounding communities for the underprivileged, disabled and elderly individuals.

Community Activities – This program provides emergency assistance of food, clothing and other resources to families in need.

School Based Activities – This program provides economically disadvantaged students with backpacks and school supplies. This program also provides gifts and Christmas dinners to families in need.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Financial Statement Presentation

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

Net assets without donor restrictions - Net assets not subject to donor or grantor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets subject to donor or grant restrictions. Some restrictions are temporary in nature, such as those that will be met by actions of the Organization and/or the passage of time. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

6 Stones Mission Network

Notes to Financial Statements

The Organization reports contributions restricted by donors 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 and reported in the statements of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Financial Instruments and Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash. Cash is placed with high credit quality financial institutions to minimize risk. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Organization's uninsured balances totaled \$652,301. The Organization has not experienced losses on such assets.

Contributions and Grants Receivable

Contributions and grants receivable are recorded at net realizable value. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts and other specific information known to management that may affect collectability. No allowance for doubtful accounts was considered necessary at December 31, 2020 and 2019.

At December 31, 2020, 100% of grants receivable was due from three donors. At December 31, 2019, 70% of total grants receivable was due from one donor.

Inventory

Inventory consists of purchased and donated food and new toys. These items are distributed to clients free of charge. Donated food is valued at an estimated amount of \$1.67 per pound at December 31, 2020 and 2019. Donated new toys are valued at cost.

Property and Equipment

Property and equipment purchased by the Organization are stated at cost or if acquired by gift, at fair market value at the date of the donation. The Organization capitalizes property and equipment over \$1,000; the fair value of donated fixed assets is similarly capitalized. Donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives of the assets. Depreciation is calculated using the straight-line method based upon the estimated useful lives of 10 to 15 years for buildings and improvements and 3 to 15 years for vehicles and equipment.

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Notes to Financial Statements

Contributions restricted by the donor for the purchase or construction of capital assets are reported as contributions with donor restrictions and released when the asset is placed in service.

Management of the Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized to the extent fair value of a long-lived asset is less than the carrying amount. Fair value is determined based on the estimated future cash inflows attributable to the asset less estimated future cash outflows. No such loss was recognized during the years ended December 31, 2020 and 2019.

Due to Others

Due to others represents amounts collected by the Organization from a school district. These funds are returnable to the school district upon request and all funds distributed are determined at the school district's discretion.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Organization receives economic revitalization grants from various participating cities. The city grant awards generally include a specified amount restricted to support administration of the Organization's community powered revitalization program and a maximum annual match to reimburse the Organization for a percentage of allowable project costs. The portion of the grant award restricted for administration is recognized as restricted grant income upon receipt of the award. Grant income subject to allowable project costs is recognized as revenue in the month the allowable project expenses are incurred.

The Organization has \$145,764 and \$43,765 of conditional grants that have not been recognized in the financial statements at December 31, 2020 and 2019, respectively. The grants will be recognized as revenue when the conditions, which include performance of allowable activities and incurring allowable expenses, are met.

The Organization receives donated food and grocery products from the general public, food drives, philanthropic and compassion agencies, churches and local area merchants. These donations are valued as of the latest valuation study of Feeding America. Undistributed food is kept in controlled environments and held as inventory until distributed.

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Notes to Financial Statements

The Organization recognizes the fair value of donated food and grocery products as in-kind contributions upon receipt of goods and as client assistance expense when provided to the Organization's clients.

Donations of the use of facilities are primarily donated by a church and are reflected as contributions at their estimated fair values at date of receipt.

The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

In order to enable the Organization to meet its mission, a substantial number of volunteers donate significant amounts of their time to the Organization's programs and fundraising functions. These amounts do not meet the requirements for recognition in the financial statements.

Federal Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. For the years ended December 31, 2020 and 2019, the Organization had no material unrelated business income. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Organization's tax returns and recognition of a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2020 and 2019, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising costs for the years ended December 31, 2020 and 2019 totaled \$5,891 and \$5,712, respectively.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between program services and support services based on management's judgment considering space used, time spent or direct relation to the program or support service benefited.

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Notes to Financial Statements

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimated.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification.

The Organization considers the applicability and impact of all ASU's. ASU's not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Organization's financial position and results of activities.

In 2016, the FASB issued its leasing standard in ASU 2016-02, *Leases* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. For not-for-profit organizations, the standard takes effect for fiscal years beginning after December 15, 2021.

The Organization is currently assessing the impact that adopting this new guidance will have on the financial statements.

Reclassifications

Certain reclassifications have been made to the December 31, 2019 financial statements to conform to the December 31, 2020 presentation.

6 Stones Mission Network
Notes to Financial Statements

3. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Building and improvements	\$ 242,715	\$ 235,106
Vehicles and equipment	241,938	198,163
Software	11,500	-
	<u>496,153</u>	<u>433,269</u>
Less: accumulated depreciation	<u>(252,543)</u>	<u>(245,984)</u>
	<u>\$ 243,610</u>	<u>\$ 187,285</u>

Depreciation expense totaled \$39,239 and \$35,029 for the years ended December 31, 2020 and 2019, respectively.

4. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of amounts restricted by donors for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Community revitalization	\$ 402,225	\$ 227,141
Time restricted	-	100,000
Community activities	16,269	16,160
Capital campaign	41,500	-
	<u>\$ 459,994</u>	<u>\$ 343,301</u>

During 2020, the Organization received \$150,000 for a capital campaign consultant. As of December 31, 2020, the Organization spent approximately \$108,500 for this purpose.

6 Stones Mission Network

Notes to Financial Statements

5. In-Kind Contributions

The Organization received the following in-kind contributions during the years ended December 31:

	<u>2020</u>	<u>2019</u>
Food, clothing, toys and school supplies	\$ 854,757	\$ 681,291
Use of office space and facilities	179,671	179,686
Software	11,500	-
	<u>\$ 1,045,928</u>	<u>\$ 860,977</u>

The fair value of the use of office space and facilities is reflected in the accompanying financial statements as in-kind donations and occupancy expense. The fair value of the donated food, clothing, toys and school supplies are reflected in the accompanying financial statements as in-kind donations and client assistance expense. The fair value of the donated software is reflected in the accompanying financial statements as in-kind donations and property and equipment.

6. Employee Benefit Plan

The Organization participates in a multiple employer defined contribution plan. Eligible employees are able to participate after one year or 1,000 hours of services. Employees may choose to contribute a set amount or percentage of their eligible pay up to Internal Revenue Service (IRS) set limits. Contributions are made on behalf of eligible employees ranging from 2% to 15% of employee compensation depending on tenure and position. The Organization's contributions to the plan totaled \$44,607 and \$47,546 for the years ended December 31, 2020 and 2019, respectively.

6 Stones Mission Network Notes to Financial Statements

7. Liquidity and Availability of Resources

The Organization's financial assets available for general expenditure within one year are as follows at December 31:

	2020	2019
Cash	\$ 910,049	\$ 391,853
Cash held for others	18,955	22,486
Contributions receivable	12,632	9,565
Grants receivable	53,834	143,765
Total financial assets	995,470	567,669
Less amounts not available for general expenditures within one year:		
Cash due to others	(18,955)	(22,486)
Donor-restricted for capital campaign	(41,500)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 935,015	\$ 545,183

The Organization receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization has a goal to maintain financial assets to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

8. Coronavirus Aid, Relief, and Economic Security Act and Other Coronavirus Events

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic and recommended containment and mitigation measures. The coronavirus outbreak has severely restricted the level of economic activity around the world. The Organization has adjusted operational plans to protect the employees and individuals served while still meeting client needs for essential services. The Organization continues to closely monitor the impact of COVID-19 on all aspects of our business. Given the uncertainty of the spread and duration of the coronavirus, the related financial impact to the Organization, if any, cannot be determined at this time.

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Notes to Financial Statements

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act was signed into law. In April 2020, the Organization received a forgivable loan in the amount of \$170,700 pursuant to the Paycheck Protection Program (PPP). The Organization used all of the proceeds to make eligible payments within the 24 week covered period. The Organization has elected to account for the PPP forgivable loan as a conditional grant in accordance with Financial Accounting Standards Board Accounting Standard Codification Topic 958 and expects all of the loan to be forgiven. Accordingly, the Organization has recognized \$170,700 as grant revenue in the accompanying statement of activities for the year ended December 31, 2020. On November 6, 2020, the Organization received notification that the PPP loan was forgiven in full by the Small Business Administration.

9. Subsequent Events

The Organization has evaluated subsequent events through the date which the financial statements were available to be issued and concluded that no additional disclosures are required.