

SON OF A SAINT
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Son of a Saint
New Orleans, Louisiana
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December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors of
Son of a Saint
Net Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of Son of a Saint (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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Son of a Saint 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.

Basis for Opinion

We conducted our audit 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 Son of a Saint and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of Son of a Saint for the year ended December 31, 2019, were audited by another auditor, who expressed an unmodified opinion on those statements on April 15, 2020.

Responsibilities of Management 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, 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 Son of a Saint's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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, including omissions, 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 judgement 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 Son of a Saint's 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 Son of a Saint's 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.

*James Lambert Riggs
& Associates*

James Lambert Riggs & Associates, Inc.
Hammond, Louisiana

March 9, 2021

Financial Statements

Son of a Saint
New Orleans, Louisiana
 Statements of Financial Position
 December 31, 2020 and 2019

Exhibit A

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 650,008	\$ 578,716
Promises to Give, Net	912,384	20,740
Investments	-	32,051
Prepaid Insurance	<u>18,745</u>	<u>18,745</u>
Total Current Assets	1,581,137	650,252
Restricted Assets:		
Restricted Cash and Cash Equivalents:		
SOAS Scholars	677,383	245,433
Capital Campaign	530,794	-
Restricted Promises to Give	<u>737,062</u>	<u>-</u>
Total Restricted Assets	1,945,239	245,433
Property & Equipment:		
Buildings and Improvements	1,720,575	-
Vehicles	67,844	-
Software Development	13,000	13,000
Less: Accumulated Depreciation	<u>(49,249)</u>	<u>(1,950)</u>
Total Property & Equipment	1,752,170	11,050
Total Assets	<u>\$ 5,278,546</u>	<u>\$ 906,735</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	<u>\$ 4,261</u>	<u>\$ 1,326</u>
Total Current Liabilities	4,261	1,326
Total Liabilities	<u>4,261</u>	<u>1,326</u>
Net Assets:		
Without Donor Restrictions	3,487,635	659,976
With Donor Restrictions	<u>1,786,650</u>	<u>245,433</u>
Total Net Assets	<u>5,274,285</u>	<u>905,409</u>
Total Liabilities and Net Assets	<u>\$ 5,278,546</u>	<u>\$ 906,735</u>

The accompanying notes are an integral part of these financial statements.

Son of a Saint
New Orleans, Louisiana
 Statements of Activities

Exhibit B

For the Year Ended December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:						
Contributed Support:						
Grants	\$ 381,549	\$ -	\$ 381,549	\$ 49,803	\$ -	\$ -
Donations	2,498,002	3,349,273	5,847,275	1,685,939	14,000	1,699,939
In-Kind Donations	710,601	-	710,601	46,688	-	46,688
School Contract Income	(440)	-	(440)	1,430	-	1,430
Other Income	16,320	-	16,320	-	-	-
Investment Income / (Loss)	-	-	-	-	-	-
Net Assets Released from Restrictions	1,691,178	(1,691,178)	-	-	-	-
Total Revenues and Other Support	<u>5,297,210</u>	<u>1,658,095</u>	<u>6,955,305</u>	<u>1,783,860</u>	<u>14,000</u>	<u>1,797,860</u>
Expenses:						
Program Services	1,858,644	116,878	1,975,522	737,498	50,409	787,907
Supportive Services:						
General and Administrative	305,140	-	305,140	234,572	-	234,572
Fundraising	415,067	-	415,067	201,869	-	201,869
Total Expenses	<u>2,578,851</u>	<u>116,878</u>	<u>2,695,729</u>	<u>1,173,939</u>	<u>50,409</u>	<u>1,224,348</u>
Total Net Operating Income	2,718,359	1,541,217	4,259,576	609,921	(36,409)	573,512
Other Revenues / Expenses:						
COVID Payroll Protection Program (PPP) Loan	109,300	-	109,300	-	-	-
Total Other Revenues / Expenses	109,300	-	109,300	-	-	-
Change in Net Assets	2,827,659	1,541,217	4,368,876	609,921	(36,409)	573,512
Net Assets:						
Beginning of the Year, Originally Stated	659,976	245,433	905,409	135,198	281,842	417,040
Prior Period Adjustment	-	-	-	(85,143)	-	(85,143)
Beginning of the Year, Restated	<u>659,976</u>	<u>245,433</u>	<u>905,409</u>	<u>50,055</u>	<u>281,842</u>	<u>331,897</u>
End of the Year	<u>\$ 3,487,635</u>	<u>\$ 1,786,650</u>	<u>\$ 5,274,285</u>	<u>\$ 659,976</u>	<u>\$ 245,433</u>	<u>\$ 905,409</u>

The accompanying notes are an integral part of these financial statements.

Son of a Saint
New Orleans, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2020

Exhibit C

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll Salary	\$ 441,791	\$ 58,029	\$ 285,617	\$ 785,437
Fringe Benefits	175,161	18,937	83,626	277,724
Donor Cultivation	-	-	7,445	7,445
Stipend / Scholarships	133,831	-	-	133,831
Staff Development	-	-	10,398	10,398
Transportation	-	-	10,895	10,895
Program Expenses	194,470	-	-	194,470
In-Kind Expenses	647,201	1,000	62,400	710,601
Depreciation	-	47,299	-	47,299
Contract Expenses	-	29,011	15,000	44,011
Sales and Marketing	-	32,795	-	32,795
Rent	23,754	-	-	23,754
Fundraising	-	-	2,086	2,086
Bank Service Charges	-	1,518	-	1,518
Processing Fees	-	2,169	-	2,169
Board Expenses	-	961	-	961
Insurance	29,815	56,966	-	86,781
Printing and Postage	6,049	4,686	-	10,735
Books and Subscriptions	3,324	10,507	-	13,831
Supplies	59,617	11,650	-	71,267
Technology Expense	-	4,427	-	4,427
Telecommunications	-	5,488	-	5,488
Other Expenses	28,549	16,745	-	45,294
Travel	12,178	3,952	-	16,130
Repairs & Maintenance	39,536	-	-	39,536
Bad Debt Expense	84,022	-	-	84,022
Interest Expense	32,824	-	-	32,824
Total Expenses	<u>\$ 1,912,122</u>	<u>\$ 306,140</u>	<u>\$ 477,467</u>	<u>\$ 2,695,729</u>
Percentage of Total Expenses	<u>70.93%</u>	<u>11.36%</u>	<u>17.71%</u>	<u>100.00%</u>

The accompanying notes are an integral part of these financial statements.

Son of a Saint
New Orleans, Louisiana
Statement of Functional Expenses
For the Year Ended December 31, 2019

Exhibit C
(Continued)

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll Salary	\$ 407,265	\$ 26,070	\$ 63,595	\$ 496,930
Fringe Benefits	30,381	1,818	9,257	41,456
Donor Cultivation	-	1,573	4,586	6,159
Stipend / Scholarships	44,535	-	-	44,535
Staff Development	-	-	2,358	2,358
Transportation	-	-	17,018	17,018
Program Expenses	138,210	-	-	138,210
In-Kind Expenses	46,688	-	-	46,688
Depreciation	-	1,950	-	1,950
Contract Expenses	-	27,833	-	27,833
Sales and Marketing	-	47,220	-	47,220
Rent	2,001	33,717	343	36,061
Fundraising	-	-	104,712	104,712
Bank Service Charges	-	1,768	-	1,768
Processing Fees	-	17,156	-	17,156
Board Expenses	-	4,255	-	4,255
Insurance	524	15,820	-	16,344
Printing and Postage	2,403	2,642	-	5,045
Books and Subscriptions	1,451	14,139	-	15,590
Supplies	22,288	9,057	-	31,345
Technology Expense	-	3,782	-	3,782
Telecommunications	-	2,920	-	2,920
Other Expenses	1,500	14,700	-	16,200
Travel	90,661	8,152	-	98,813
Total Expenses	<u>\$ 787,907</u>	<u>\$ 234,572</u>	<u>\$ 201,869</u>	<u>\$ 1,224,348</u>
 Percentage of Total Expenses	 <u>64.35%</u>	 <u>19.16%</u>	 <u>16.49%</u>	 <u>100.00%</u>

The accompanying notes are an integral part of these financial statements.

Son of a Saint
New Orleans, Louisiana
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

Exhibit D

	2020	2019
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 4,368,876	\$ 573,512
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	47,299	1,950
Adjustment to Net Assets	-	(85,143)
Changes in Operating Assets and Liabilities:		
Prepaid Insurance	-	(18,745)
Grants Receivable	(1,628,706)	(20,740)
Investments	32,051	(31,407)
Accounts Payable	2,935	1,326
Net Cash Provided by Operating Activities	2,822,455	420,753
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(1,788,419)	-
Net Cash Used in Investing Activities	(1,788,419)	-
Cash Flows from Financing Activities:		
Drawdowns from Line of Credit	1,530,000	-
Payments on Line of Credit	(1,530,000)	-
Net Cash Provided by (Used in) Financing Activities	-	-
Net Change in Cash and Cash Equivalents	1,034,036	420,753
Cash and Cash Equivalents - Beginning of the Year	824,149	403,396
Cash and Cash Equivalents - End of the Year	\$ 1,858,185	\$ 824,149
Supplemental Disclosure of Cash Flow Information		
Cash and Cash Equivalents per Exhibit A	\$ 650,008	\$ 578,716
Restricted Cash and Cash Equivalents per Exhibit A	1,208,177	245,433
	\$ 1,858,185	\$ 824,149
Cash Paid for Interest	\$ 32,824	\$ -

The accompanying notes are an integral part of these financial statements.

Son of a Saint
New Orleans, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2020

Introduction

Son of a Saint (SOAS) is a non-profit organization formed to enhance the lives of fatherless boys through mentorship, emotional support, development of life skills, exposure to constructive experiences and formation of positive, lasting peer-to-peer relationships. We serve the New Orleans Metro Area. SOAS achieves its mission through:

Behavioral Health – SOAS employs a mental health specialist to provide evaluations and regular ongoing counseling for our boys.

Recreational Access – SOAS mentees are exposed to horseback riding, fishing, yoga, music, chess, the arts and more. Every boy participates in at least one of these activities weekly. Mentors also support and encourage our boys in their extracurricular activities by attending games.

Group One-on-One Mentorship – Regular daylong mentorship sessions are designed to aid in our boys’ academic, personal, and overall development. We host 20 group mentorship sessions per month, on average, covering topics such as etiquette, time management, decision making, critical thinking, anger management, moral reasoning, life skills, work ethic, leadership, civic responsibility, teamwork and integrity. Kids and mentors also frequent outings, such as sporting events, educational trips, movies, dining, parades, and volunteer activities. Most of our boys are also paired with a dedicated mentor to facilitate an ongoing, one-on-one mentoring relationship.

Broadening of Horizons – When opportunities present themselves, we hit the road...or the skies. Through travel grants, Son of a Saint has taken groups of boys to Washington DC, New Hampshire, Asheville, Houston, Atlanta, Los Angeles, New York, Detroit, Montreal, Costa Rica, Africa, and more.

Tutoring – SOAS pairs boys in need of educational support with qualified tutors. These volunteer educators are all current New Orleans middle school or high school teachers, familiar with the boys’ coursework.

Tuition Assistance – SOAS works to provide middle school and high school scholarships allowing SOAS mentees and others to attend tuition-based schools in the New Orleans area. This is primarily done through Son of a Saint Scholars, which is our Student Tuition Organization selected by the Louisiana Department of Education to help facilitate the state’s Tuition Donation Credit Program

Career + College Readiness – SOAS offers each mentee postsecondary planning support. A coach works 1:1 with boys to help them in identifying interests and goals, forming college and career plans, and connecting them with internship or job-shadowing experiences, along with relevant co-curricular activities to prepare them for life after high school.

1. Summary of Significant Accounting Policies

A. Basis of Accounting

In accordance with generally accepted accounting principles, the accompanying financial statements have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Son of a Saint
New Orleans, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2020

B. Basis of Presentation

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Revenues are reported as increases in net assets without restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without restrictions.

Net Assets with 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 stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, SOAS considers all short-term, highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash balances in the SOAS Scholars and the SOAS Capital Campaign accounts are considered restricted because the donations received were restricted by donors and the future expense of these funds are restricted only for these specific purposes.

In accordance with ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, the statement of cash flows includes cash, cash equivalents, restricted cash, and restricted cash equivalents.

D. Property and Equipment

All significant acquisitions of property and equipment whose useful lives extend beyond a one-year period and betterments which naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Repairs and maintenance that do not extend the asset's useful life are expensed as incurred. Property and equipment are carried at cost, or, if donated, at their acquisition value (entry price) at the date of donation. Assets acquired through lease agreements meeting requirements under generally accepted accounting principles that require capitalization are recorded at their fair market values as of the date of the lease inception. SOAS records depreciation on its property and equipment using the straight-line method. The following is a summary of the estimated useful lives used:

Buildings and Improvements	40 Years
Vehicles	5 Years
Computer Software	5 Years

SOAS periodically evaluates the carrying value of long-lived assets to be held and used when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined by independent

Son of a Saint
New Orleans, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2020

market appraisals or by using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recognized for the years ended December 31, 2020 and 2019.

E. Revenue and Support with Donor Restrictions and without Donor Restrictions

Contributions received are recorded as increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence and / or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a 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-restricted contributions whose restrictions are met in the same accounting period are reported as support and revenues without restrictions.

Fundraising and other revenues are recognized as earned.

F. Donated Assets and Services

Donated services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets or (2) require specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. The estimated fair market value of donated services provided to SOAS during the fiscal year ending December 31, 2020 was \$594,964, which is recorded in the accompanying financial statements. In addition, there are numerous volunteers who donate time in SOAS's programs and supporting services. During the fiscal year ending December 31, 2020, volunteer workers donated an estimated 4,800 hours of time. The estimated value based on volunteer rates is \$115,637 which is also recorded in the accompanying financial statements.

G. Income Taxes

SOAS is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Management believes there are no uncertain tax positions included in the financial statements. SOAS's Forms 990, *Return of Organization Exempt from Income Tax*, and Forms 990-T, *Exempt Organization Business Income Tax Return*, for the years ending December 31, 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

H. Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are directly associated with program services or supportive services are charged directly to that functional area. SOAS maintains a single program concentrated on youth mentoring, and, as a result, all program services are classified as such on the statements of functional expenses.

Son of a Saint
New Orleans, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2020

I. Concentrations

Cash on Deposit and Uninsured Balances:

SOAS maintains its cash and cash equivalent balances at various financial institutions. As of December 31, 2020 and 2019, the balances in SOAS's cash and cash equivalents not covered from loss by the FDIC totaled \$1,657,557 and \$311,327, respectively.

Concentration of Revenue:

For the fiscal year ended December 31, 2020, \$4,132,701 or approximately 71 percent of the SOAS's donated revenues were received from fifteen (15) individual and corporate donors concentrated primarily in the City of New Orleans, Louisiana.

J. Fair Value Measurements

Fair value is the price SOAS would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. For those assets and liabilities recorded or disclosed at fair value, SOAS determines fair value based upon the quoted market price, if available. If a quoted market price is not available for identical assets, SOAS determines fair value based upon the quoted market price of similar assets or the present value of expected future cash flows considering the risks involved, including counterparty performance risk if appropriate, and using discount rates appropriate for the duration. The fair values are assigned a level within the fair value hierarchy, depending on the source of the inputs into the calculation.

Level 1: Inputs based upon quoted prices in active markets for identical assets.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset (or liability), either directly or indirectly.

Level 3: Inputs are unobservable for the asset.

K. Recent Financial Accounting Pronouncements

In June 2018 the FASB issued ASU No. 2018-08 *Not-for-Profit Entities* (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU will be effective for SOAS for annual periods beginning after December 15, 2018. Adoption of the new guidance did not result in changes to our accounting policies for contributions received and contributions made.

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. All other leases will fall into one of two categories: 1) Financing leases, similar to capital leases, will require the recognition of an asset and liability, measured at the present value of the lease payments. Interest on the liability will be recognized separately from amortization of the asset and

Son of a Saint
New Orleans, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2020

principal repayments will be classified as financing outflows and payments of interest as operating outflows on the statement of cash flows; 2) Operating leases will also require the recognition of an asset and liability measured at the present value of the lease payments. A single lease cost, consisting of interest on the obligation and amortization of the asset, calculated such that the amortization of the asset will increase as the interest amount decreases resulting in a straight-line recognition of lease expense. All cash outflows will be classified as operating on the statement of cash flows. Lessor accounting remains substantially unchanged with the exception that no leases entered into after the effective date will be classified as leveraged leases. For sale-leaseback transactions, the sale will only be recognized if the criteria in the new revenue recognition standard are met. If there is no sale, the buyer-lessor does not recognize the transaction as a purchase and consideration paid for the asset is treated as a financing transaction. The ASU is effective for the year ended December 31, 2022, but early adoption is permitted. SOAS has not elected to early adopt this standard.

L. Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation. Net assets are unchanged due to these reclassifications.

M. 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

At December 31, 2020 and 2019, SOAS had cash (book balances) totaling \$1,998,337 and \$823,650 consisting primarily of demand deposit accounts and money market accounts at several financial institutions. These deposits were stated at cost, which approximates market. Accounts are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020 and 2019, the balances in SOAS's cash accounts not covered from loss by the FDIC totaled \$1,657,557, and \$311,327, respectively.

3. Promises to Give

Promises to give consist of the following at December 31, 2020 and 2019:

	2020	2019
Receivables in Less Than One Year	\$ 900,446	\$ 20,740
Receivables in One to Five Years	749,000	-
Receivables in More Than Five Years	-	-
Total Promises to Give	1,649,446	20,740
Less: Allowance for Doubtful Accounts	-	-
Net Promises to Give	\$ 1,649,446	\$ 20,740

Son of a Saint
New Orleans, Louisiana
Notes to the Financial Statements
For the Year Ended December 31, 2020

As of December 31, 2020 and per the Statement of Financial Position, \$737,062 of the net promises to give are restricted by donors for future use by the SOAS Scholars and SOAS Capital Campaign. The remaining \$912,384 and \$20,740 promises to give as of December 31, 2020 and 2019, respectively, are unrestricted promises to give with no donor restrictions as to their use.

4. Property and Equipment

A summary of property and equipment for the years ended December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Buildings and Improvements	\$ 1,720,575	\$ -
Vehicles	67,844	-
Computer Software	13,000	13,000
Less: Accumulated Depreciation	<u>(49,249)</u>	<u>(1,950)</u>
Total	<u>\$ 1,752,170</u>	<u>\$ 11,050</u>

Depreciation expense for the years ended December 31, 2020 and 2019, amounted to \$47,299 and \$1,950, respectively.

5. Promissory Note

On February 26, 2020, SOAS obtained a promissory note with Hancock Whitney Bank for \$1,530,000. The promissory note carried a variable interest rate of not less than 3.750%. The proceeds from this note were used to purchase a building in New Orleans, which was then used as collateral for the promissory note.

The promissory note was fully repaid as of December 31, 2020.

6. Fair Value Measurements

The following table reflects assets and liabilities that are measured and carried at fair value on a recurring basis as of December 31, 2020:

	Quoted Prices in Active Markets for Identical Asset or Liability (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Carrying Value
Financial Assets:				
Cash & Cash Equivalents	\$ 2,595,247	\$ -	\$ -	\$ 2,595,247

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7. Commitments and Contingencies

Participation in Grant Programs:

SOAS is a recipient of grant funds from various funding sources. The administration of the program and activities funded by the grants are under the control and administration of SOAS and are subject to audit and / or review by the applicable funding source. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

8. Net Assets with Donor Restrictions

SOAS's net assets with donor restrictions at December 31 consisted of the following:

	<u>2020</u>	<u>2019</u>
Son of a Saint Scholars	\$ 677,383	\$ 245,433
Capital Campaign	<u>1,109,267</u>	<u>-</u>
Total	<u>\$ 1,786,650</u>	<u>\$ 245,433</u>

9. Net Assets Released from Donor Restrictions

Net assets were released from donor restrictions by satisfaction of the restricted purposes during the years ended December 31, as follows:

	<u>2020</u>	<u>2019</u>
Son of a Saint Scholars	\$ 109,050	\$ 50,409
Capital Campaign	<u>1,699,006</u>	<u>-</u>
Total	<u>\$ 1,808,056</u>	<u>\$ 50,409</u>

10. Liquidity and Availability of Financial Assets

The following reflects SOAS's 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. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>2020</u>	<u>2019</u>
Financial Assets, at Year-End:		
Cash and Cash Equivalents	\$ 650,008	\$ 578,716
Accounts Receivable, Net	<u>912,384</u>	<u>20,740</u>
Financial Assets Available to Meet Cash Needs for General Expenses Within One Year	<u>\$ 1,562,392</u>	<u>\$ 599,456</u>

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11. Board of Directors Compensation

The Board of Directors operates on a voluntary basis, as such there were no payments made to any Board Member during the twelve months ended December 31, 2020 for services.

12. Subsequent Events

Management has evaluated the subsequent events through the date that the financial statements were available to be issued, March 9, 2021. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.