



C-Fam, Inc.

AUDITED FINANCIAL STATEMENTS

For year ended December 31, 2020

C-Fam, Inc.
AUDITED FINANCIAL STATEMENTS
For year ended December 31, 2020

| | |
|----------------------------------|------|
| Independent Auditors' Report | 1-2 |
| Statement of Financial Position | 3 |
| Statement of Activities | 4 |
| Statement of Cash Flows | 5 |
| Notes to Financial Statements | 6-11 |
| Statement of Functional Expenses | 12 |

Independent Auditors' Report

To the Board of Trustees
of C-Fam, Inc.

We have audited the accompanying financial statements of C-Fam, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities 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 C-Fam, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Nair Group, LLC



C-FAM, INC.
STATEMENT OF FINANCIAL POSITION

December 31, 2020

ASSETS

CURRENT ASSETS

| | | |
|---------------------------------|----|---------|
| Cash and cash equivalents | \$ | 288,173 |
| Accounts receivable | | 4,262 |
| Allowance for doubtful accounts | | (4,262) |
| Investment | | 116,784 |

TOTAL CURRENT ASSETS **404,957**

| | | |
|--------------------------------|--|----------|
| Security Deposit | | 16,900 |
| Prepaid | | - |
| Fixed assets | | 16,798 |
| Less: accumulated depreciation | | (13,265) |

TOTAL ASSETS **425,390**

CURRENT LIABILITIES

| | | |
|--|--|--------|
| Accounts payable and accrued liabilities | | 60,113 |
| Deferred rent -current | | 345 |

TOTAL CURRENT LIABILITIES **60,458**

| | | |
|---------------|--|---------|
| Notes Payable | | 117,100 |
|---------------|--|---------|

TOTAL LIABILITIES **177,558**

NET ASSETS

| | | |
|----------------------------|--|---------|
| Without Donor Restrictions | | 247,832 |
|----------------------------|--|---------|

TOTAL NET ASSETS **247,832**

TOTAL LIABILITIES AND NET ASSETS **\$ 425,390**

See Independent Auditors' Report and accompanying notes to Financial Statements



C-FAM, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|-------------------|
| OPERATING REVENUES AND OTHER SUPPORT | | | |
| Contributions | \$ 1,191,634 | \$ - | \$ 1,191,634 |
| Net assets released from restrictions | - | - | - |
| TOTAL OPERATING REVENUES AND OTHER SUPPORT | 1,191,634 | - | 1,191,634 |
| NONOPERATING REVENUES | | | |
| Capital gains | 39,921 | - | 39,921 |
| TOTAL NONOPERATING REVENUES | 39,921 | - | 39,921 |
| TOTAL REVENUES | 1,231,555 | - | 1,231,555 |
| OPERATING EXPENSES | | | |
| Program services | | | |
| CFAM | 1,034,012 | - | 1,034,012 |
| TOTAL OPERATING PROGRAM SERVICES | 1,034,012 | - | 1,034,012 |
| Supporting Services | | | |
| Management and general | 83,492 | - | 83,492 |
| Fundraising | 18,610 | - | 18,610 |
| TOTAL OPERATING SUPPORTING SERVICES | 102,102 | - | 102,102 |
| Investment fees and taxes | 1,036 | - | 1,036 |
| TOTAL NONOPERATING EXPENSE | 1,036 | - | 1,036 |
| TOTAL EXPENSE | 1,137,151 | - | 1,137,151 |
| CHANGE IN NET ASSETS | 94,404 | - | 94,404 |
| NET ASSETS, BEGINNING OF YEAR | 153,428 | - | 153,428 |
| NET ASSETS, END OF YEAR | \$ 247,832 | \$ - | \$ 247,832 |

See Independent Auditors' Report and accompanying notes to Financial Statements

| December 31, | 2020 |
|---|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 94,404 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | |
| (Increase) decrease in assets: | |
| Accounts and grants receivable | - |
| Security Deposit | (13,500) |
| Prepaid expenses | 4,262 |
| Increase in liabilities: | |
| Accounts payable | 8,344 |
| Deferred rent | 12 |
| Notes Payable | 117,100 |
| NET CASH USED IN OPERATING ACTIVITIES | 210,622 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchase and sale of investments | (17,861) |
| Sale of fixed assets | 122 |
| Purchase of fixed assets | (3,655) |
| NET CASH USED IN INVESTING ACTIVITIES | (21,394) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | 189,228 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 98,945 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 288,173 |



C-Fam, Inc.
NOTES TO FINANCIAL STATEMENTS
For year ended December 31, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

| | |
|----------------------------------|---|
| Organization | <p>C-Fam, Inc. (C-Fam), the “Organization” is an organization that was created to defend life and family at international institutions and to publicize the debate. C-Fam was founded in the summer of 1997 in order to monitor and affect the social policy debate at the United Nations and other international institutions.</p> <p>C-Fam is a non-partisan, non-profit research institute dedicated to reestablishing a proper understanding of international law, protecting national sovereignty and the dignity of the human person. C-Fam publishes and promotes scholarship related to the proposition that the UN and other international institutions harm a true understanding of international law and in the process undermine the family and other institutions man requires for a just, free and happy life.</p> <p>C-Fam is primarily supported by contributions by individuals.</p> |
| Basis of Presentation | <p>Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958 <i>Not-for-Profit Entities</i>. In accordance with the topic, C-Fam is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.</p> |
| Estimates | <p>The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Accordingly, actual results could differ from those estimates.</p> |
| Cash and Cash Equivalents | <p>C-Fam considers cash on hand, deposits in banks and all unrestricted highly liquid investments with an initial maturity of three months or less to be cash.</p> |
| Accounts Receivable | <p>Accounts receivable approximate fair value. Management considers all amounts to be fully collectable. C-Fam has not experienced delinquent or uncollectible accounts, therefore, an allowance for doubtful accounts has not been established.</p> |



C-Fam, Inc.
NOTES TO FINANCIAL STATEMENTS(CONTINUED)
For year ended December 31, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investment Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Fixed Assets C-Fam capitalizes all fixed asset acquisitions of \$1,000 and above. Fixed assets are recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

| | |
|-------------------------|--------------------------------------|
| Computers | 3-5 years |
| Furniture and equipment | 7 years |
| Leasehold improvements | Shorter of useful life or lease term |

Income Taxes C-Fam is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

C-Fam has adopted the Accounting for Uncertainty in Income Taxes, as required by Topic 740 of the FASB ASC. Topic 740 requires C-Fam to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax to be recognized is measured as the largest amount of benefit that is more than fifty percent likely of being realized upon ultimate settlement which could result in C-Fam recording a tax liability that would reduce its net assets.

C-Fam has analyzed its tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions taken on returns filed for open tax years (2016 - 2019), or expected to be taken in its 2020 tax return. C-Fam is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Assets

C-Fam's net assets are reported in following two classes:

Unrestricted net assets: Includes unrestricted revenue and contributions received without donor - imposed restrictions. These net assets are available for the operation of C-Fam and include both internally designated and undesignated resources.

Temporarily restricted net assets: Includes revenue and contributions subject to donor-imposed stipulations that will be met by the actions of C-Fam and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions

Contributions are recorded as revenue in the year notification is received from the donor. Contributions are recorded as restricted support if they are received with donor - stipulations that limit the use of the donated assets and which cannot be altered by actions of C-Fam. Contributions whose restrictions are fulfilled in the same period are recorded as unrestricted support in the statement of activities. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from donor restrictions.

**Functional
Allocation of
Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 – FAIR VALUE MEASUREMENT

The Organization reports financial assets and liabilities in accordance with ASC 820, Fair Value Measurements and Disclosures (ASC 820). ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.



C-Fam, Inc.
NOTES TO FINANCIAL STATEMENTS(CONTINUED)
For year ended December 31, 2020

ASC 820 established a three-level disclosure hierarchy to indicate the level of judgment used to estimate fair value measurements as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities as of the reporting date;
- Level 2 – quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices (such as interest rate and yield curves);
- Level 3 – uses inputs that are unobservable, supported by little or no market activity and reflect significant management judgment.

The tables below summarize investments by level for items measured at fair value on a recurring basis at December 31, 2020:

| | Assets at Fair Value as of December 31, 2020 | | | |
|-----------------------|---|----------------|----------------|--------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash | \$ 20,887 | \$ - | \$ - | \$ 20,887 |
| Common stock equities | 116,784 | - | - | 116,784 |
| | | | | |
| Total | \$ 137,671 | \$ - | \$ - | \$ 137,671 |

At December 31, 2020 the organization had unrealized gain of \$38,560 and realized loss of \$434.

NOTE 4 – FIXED ASSET

Fixed Assets consisted of the following:

| Description | December 31, 2020 |
|-------------------------------|--------------------------|
| Equipment | \$ 13,143 |
| Furniture | 3,655 |
| Less accumulated depreciation | (13,265) |
| | \$ 3,533 |

During the period ended December 31, 2020, the Organization had depreciation expense of \$122.



C-Fam, Inc.
NOTES TO FINANCIAL STATEMENTS(CONTINUED)
For year ended December 31, 2020

NOTE 5 – ACCOUNTS PAYABLE

Accounts Payable consisted of the following:

| Description | December 31, 2020 |
|--------------------------------|--------------------------|
| Accounts payable | \$ 21,614 |
| Chase Credit Card | 2,935 |
| Executive Director Credit Card | - |
| American Express Credit Card | 16,127 |
| Accrued Expense | - |
| Payroll Liability | 19,437 |
| | \$ 60,113 |

During the period ended December 31, 2020, the Organization had 23% of its total accounts payable and accrued liabilities which was related to one vendor and \$1,005 were items with over 90 day aging.

NOTE 6 – LEASE COMMITMENTS

Effective October 28, 2014, the Organization entered into a 5-years and 2 month lease agreement to lease office space in New York, New York, which expires in November 28, 2019. The Organization entered into a 1-year lease on February 2020 expiring January 2021. This lease currently calls for monthly payments of \$7,800.

Effective September 30, 2019, the Organization entered into a 1-year lease agreement to lease office space in Virginia which expires in August 31, 2020 with monthly payments of \$3,400. The Organization entered into a 3-year lease on October 1, 2020 which expires September 30, 2023 with monthly payments of \$3,800, \$3,914, and \$4,031 for each year;

The following is a summary of the minimum lease payments required under all non-cancelable lease agreements with original terms of greater than one year for the years ending December 31:

| <i>For the Year Ended December 31,</i> | Amount |
|---|-------------------|
| 2020 | \$ 137,093 |
| 2021 | 53,742 |
| 2022 | 47,319 |
| 2023 | 36,276 |
| Total minimum lease payments | \$ 274,433 |

Rent expense for the years ended December 31, 2020 was \$148,970.



C-Fam, Inc.
NOTES TO FINANCIAL STATEMENTS(CONTINUED)
For year ended December 31, 2020

The Organization is obligated under the terms of three separate financing arrangements for the purchase of office equipment. The loan is secured by the equipment, are payable in monthly installments of \$337, and is classified as capital lease with lease terms through May 2017. Amortization of these assets under capital leases is included in depreciation expense.

The asset acquired under capital lease included in property and equipment is as follows.

| | | |
|--------------------------------|----|----------|
| Equipment | \$ | 13,143 |
| Less: Accumulated amortization | | (13,143) |
| | \$ | - |

NOTE 7 – NOTES PAYABLE

The Organization took out a Paycheck Protection Program loan on May 2020 in the amount of \$117,100. The funds were primarily used for payroll costs and some rent expense. The Organization applied for loan forgiveness but as of December 31, 2020 the balance of the loan is still \$117,100.

NOTE 8 – RELATED PARTIES RECEIVABLE

The Organization made an overpayment to the executive director’s business credit card in at the end of 2019. The amount of \$4,262 was owed to the Organization at year end December 31, 2020 but this was considered bad debt and was included in the allowance for doubtful accounts. In September 2021 the full amount was repaid to the Organization.

NOTE 9 - SUBSEQUENT EVENTS

Subsequent events were evaluated through September 16, 2021, which is the date the financial statements were available to be issued.



C-FAM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | <u>Program Services</u> | <u>Management and general</u> | <u>Fundraising</u> | <u>Total</u> |
|---|-------------------------|-----------------------------------|--------------------|---------------------|
| Compensation - officers, directors, etc. | \$ 139,748 | \$ - | \$ - | \$ 150,266 |
| Other salaries | 389,211 | - | - | 364,839 |
| Other employee benefits | 97,964 | - | - | 126,049 |
| Payroll taxes | 37,607 | - | - | 39,277 |
| | | | | |
| Total salaries and related expenses | 664,529 | - | - | 664,529 |
| | | | | |
| Professional fees - accounting | - | 22,936 | - | 22,936 |
| Advertising/promotion | - | - | - | - |
| Office expenses | 127,447 | 780 | 1,934 | 130,161 |
| Information technology | 356 | 34 | 34 | 424 |
| Occupancy | 125,328 | 11,936 | 11,936 | 149,200 |
| Travel | 13,709 | - | 1,278 | 14,987 |
| Depreciation and amortization | - | 122 | - | 122 |
| Insurance | - | 3,963 | - | 3,963 |
| Bad debt | 4,262 | - | - | 4,262 |
| Contracted services | 70,308 | - | 1,435 | 71,743 |
| Program activities | 391 | - | - | 391 |
| Training | - | - | - | - |
| Communication | 7,611 | 436 | 436 | 8,482 |
| Interest expense | - | 3,210 | - | 3,210 |
| Other expenses | 20,072 | 41,111 | 1,557 | 62,740 |
| | | | | |
| Total expenses | \$ 1,034,012 | \$ 84,528 | \$ 18,610 | \$ 1,137,151 |

See Independent Auditors' Report and accompanying notes to Financial Statements