



In The Family Way

FINANCIAL STATEMENTS

December 31, 2021



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors of In The Family Way
Santa Fe, New Mexico

Management is responsible for the accompanying financial statements of In The Family Way (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Carr, Riggs & Ingram, L.L.C.

Santa Fe, New Mexico
May 4, 2022

**In The Family Way
Statement of Financial Position**

<i>December 31,</i>	2021
Assets	
Current assets	
Cash and cash equivalents	13,264
Restricted cash	161,103
Total current assets	174,367
Total assets	\$ 174,367
Net Assets	
Net assets	
Without donor restrictions	13,264
With donor restrictions	161,103
Total net assets	174,367
Total liabilities and net assets	\$ 174,367

*The accompanying notes are an integral part of these financial statements.
See accompanying independent accountant's compilation report.*

**In The Family Way
Statement of Activities**

<i>For the year ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions	\$ 8,354	\$ 168,491	\$ 176,845
Grants	-	35,000	35,000
In-kind contributions	-	300	300
Sponsorship fees	6,955	-	6,955
Merchandise sales	169	-	169
Net assets released from restrictions	251,930	(251,930)	-
Total revenue and other support	267,408	(48,139)	219,269
Expenses			
Program services	251,930	-	251,930
Total program services	251,930	-	251,930
Supporting services			
General and administrative	22,495	-	22,495
Total supporting services	22,495	-	22,495
Total expenses	274,425	-	274,425
Change in Net Assets	(7,017)	(48,139)	(55,156)
Net assets at beginning of year	20,281	209,242	229,523
Net assets at end of year	\$ 13,264	\$ 161,103	\$ 174,367

*The accompanying notes are an integral part of these financial statements.
See accompanying independent accountant's compilation report.*

**In The Family Way
Statement of Functional Expenses**

<i>For the year ended December 31, 2021</i>	Program services	Support Services General and administrative	Total
Program Expenses	\$ 215,744	\$ 250	\$ 215,994
Program Expense: Food	300	-	300
Program Expense: Distributions	25,270	-	25,270
Insurance	1,530	-	1,530
Fees	6,900	933	7,833
Professional Services	525	21,009	21,534
Licenses	1,375	-	1,375
Miscellaneous Expenses	286	303	589
Total expenses	\$ 251,930	\$ 22,495	\$ 274,425

*The accompanying notes are an integral part of these financial statements.
See accompanying independent accountant's compilation report.*

**In The Family Way
Statement of Cash Flows**

<i>For the years ended December 31,</i>	2021
Cash Flows from Operating Activities	
Change in net assets	\$ (55,156)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in operating assets and liabilities	
Accounts receivable	2,726
Net cash provided by operating activities	(52,430)
Net change in cash and cash equivalents	(52,430)
Cash and cash equivalents and restricted cash at beginning of year	226,797
Cash and cash equivalents and restricted cash at end of year	\$ 174,367

*The accompanying notes are an integral part of these financial statements.
See accompanying independent accountant's compilation report.*

In The Family Way Notes to Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

In The Family Way is a New Mexico nonprofit corporation and is qualified as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue code (“IRC”) and classified as a public charity under IRC Section 509(a)(1) and 170(b)(1)(A)(vi). In The Family Way is dedicated to helping families thrive everywhere, with an emphasis on reaching historically distressed, underprivileged, or poor communities, as well as benefitting the public at large. We offer unique programs and activities designed to encourage greater creativity and compassion during transitions from birth to end of life. We also provide funding, practical support, and sponsorship to qualified organizations, individuals, and other entities to help families thrive as well as benefit the public at large through programs, projects, research, publications, events, workshops, classes and other activities. Oversight for the disbursement of funds, practical support, and sponsorship is provided by the Board of Directors with additional support from qualified professionals and volunteer community members as needed. All activities, projects and programs supported by In The Family Way take place in locations, under circumstances, and at dates and times, that are determined by the people who provide leadership for them.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by a contractual agreement with a project for use in fulfilling the stated purpose of the project.

See accompanying independent accountant’s compilation report.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Revenue is recognized differently for each stream of revenue based on the appropriate accounting standards.

Corporate and individual contributions- the Organization recognizes contributions when an unconditional promise to give is received. Conditional promises to give, 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. Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence or nature of any donor-imposed restrictions. See additional information on the in-kind contributions in Note 5.

Grant revenue- the Organization obtains grants from other organizations, which are conditioned upon certain performance requirements and/or incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions.

Sponsorship fees are collected from projects with which the Organization has a fiscal sponsorship agreement. For the year ended December 31, 2021, there were two such sponsorship agreements. Sponsorship fees and merchandise sales are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Company recognized revenue when persuasive evidence of an arrangement existed, services had occurred, the sales price was fixed or determinable and collectability was reasonably assured. Income from fees received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statements of financial position when applicable.

See accompanying independent accountant's compilation report.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. There are no related fund-raising expenses paid by the Organization.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2021, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 4, 2022. See Note 9 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU includes new requirements for presentation and disclosure of contributed nonfinancial assets (gifts in kind) to provide more transparency about their measurement and use. It requires these contributions to be presented as a separate line in the statement of activities and adds additional disclosures in the notes to the financial statements. The amendments are effective for annual periods beginning after June 15, 2021. The Organization is currently evaluating the impact of this guidance on its financial statements.

In The Family Way
Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization's primary source of support is contributions, which are available for spending within the limitations of the program receiving the donations.

The Organization's financial assets available within one year of the balance sheet date include cash and cash equivalents, which are highly liquid and can be used to cover required administrative costs. These balances of these financial assets at December 31, 2021 were approximately \$174,000. While cash and cash equivalents will not be enough to maintain current operations for the long-term, the Organization expects to continue to receive support from the individuals and corporations to provide cash flow to maintain its historic model of operations. Cash and cash equivalents are managed by the Organization to effectively scale in response to mission-aligned opportunities to be of service. The Organization will continue to adjust cash, cash equivalents, and cash flows according to changing program opportunities and goals.

Note 4: NET ASSETS

A summary of net assets without donor restrictions follows:

<u>December 31,</u>	<u>2021</u>
Undesignated	\$ 13,264
Total net assets without donor restrictions	\$ 13,264

A summary of net assets with donor restrictions follows:

<u>December 31,</u>	<u>2021</u>
Purpose restricted	
Support and Feed COVID-19 Crisis Response	\$ 152,607
Poetry Pollinators	8,496
Total net assets with donor restrictions	\$ 161,103

A summary of the release of donor restrictions follows:

<u>For the years ended December 31,</u>	<u>2021</u>
Purpose restrictions	
Support and Feed COVID-19 Crisis Response	\$ 251,930
Total net assets with donor restrictions	\$ 251,930

See accompanying independent accountant's compilation report.

In The Family Way Notes to Financial Statements

Note 5: REVENUE

The Organization is recognizing revenue over time for its sponsorship fee revenue. Sponsorship fees are collected from projects with which the Organization has a fiscal sponsorship agreement as a percentage of income received, and are collected as contributions are received. As of December 31, 2021, there are no performance obligations that remain to be satisfied.

The Organization is recognizing revenue at a point in time for merchandise sales revenue. The merchandise sales are recognized at the point in which the products are transferred to the buyer. As of December 31, 2021 there is no deferred revenue in relation to merchandise sales.

Contributions and grants are recognized as received if no conditions exist. As of December 31, 2021, there were no conditions to the sponsorships and contributions that would defer the related revenue. In-kind contributions consist of food donated by restaurants to accompany purchased meals to be distributed.

Disaggregated Revenue

A summary of disaggregated revenue information follows:

	2021
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<u>Recognized under ASC 606</u>	
Recognized over time:	
Sponsorship fees	\$ 6,955
Recognized at a point in time:	
Merchandise sales	169
<u>Recognized under ASU 2018-08</u>	
Contributions	176,845
In-Kind contributions	300
Grant revenue	35,000
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Total revenue	<u><u>\$ 219,269</u></u>

Note 6: CONCENTRATIONS

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of cash and cash equivalents. The Organization places its cash equivalents with high quality credit institutions. At times, such amounts may be in excess of the FDIC insurance limits. At December 31, 2021 there were no amounts on deposit that exceeded FDIC insurance limits. The Company has not experienced any losses in relation to uninsured balances.

During the year ended December 31, 2021, 94% of the Organization revenue was received from monetary contributions related to helping launch the Support + Feed project, which received IRS 501(c)(3) recognition on December 14, 2021.

See accompanying independent accountant's compilation report.

In The Family Way Notes to Financial Statements

Note 7: RELATED PARTIES

During the year ended December 31, 2021, the Organization was engaged in a fiscal sponsorship agreement with Poetry Pollinators. The Poetry Pollinators is a partnership that includes one of the board members of the Organization. Transactions that occurred within the fiscal year include Poetry Pollinators collecting \$5,000 in donations and grants for program service, and the Organization retaining \$263 in sponsorship fees from Poetry Pollinators as part of their agreement.

During the year ended December 31, 2021, the Organization ended a fiscal sponsorship agreement with Support and Feed COVID-19 Crisis Response. Support and Feed was incorporated as a California non-profit public benefit corporation on November 20, 2020, with a board of trustees which includes one of the board members of the Organization. A new fiscal sponsor for Support and Feed was approved effective November 15, 2021, and Support and Feed received its 501(c)(3) non-profit organization IRS determination letter on December 14, 2021. Transactions that occurred within the fiscal year include Support and Feed COVID-19 Crisis Response collecting approximately \$199,000 in donations, grants, and in-kind donations for program service, and the Organization retaining approximately \$6,700 in sponsorship fees from Support and Feed COVID-19 Crisis Response as part of their agreement.

Note 8: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

Note 9: SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after December 31, 2021 through May 4, 2022, the date the Organization's financial statements were available to be issued. No matters were identified affecting the accompanying financial statements or related disclosures.