

TOUCHING LIVES, INC.

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FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

SEPTEMBER 30, 2020 AND 2019

TOUCHING LIVES, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Touching Lives, Inc.:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Touching Lives, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Touching Lives, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Atlanta, Georgia  
December 15, 2020

*Brooks, McGinnis & Company, LLC*

TOUCHING LIVES, INC.  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2020 AND 2019

	2020	2019
<b>ASSETS</b>		
Cash and cash equivalents	\$ 662,734	\$ 249,063
Receivables	5,125	24,945
Prepaid expenses	104,025	81,317
Inventory	-	23,589
Furniture and equipment, net	34,084	54,042
Total assets	\$ 805,968	\$ 432,956
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 15,596	\$ 31,455
Accrued liabilities	47,140	41,034
Deferred revenue	20,445	-
PPP loan	77,463	-
Total liabilities	160,644	72,489
Commitments and contingencies		
Net assets:		
Without donor restrictions	645,324	360,467
Total net assets	645,324	360,467
Total liabilities and net assets	\$ 805,968	\$ 432,956

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

TOUCHING LIVES, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Changes in net assets without donor restrictions:		
Revenues, gains and support:		
Contributions	\$ 2,307,184	\$ 2,214,352
Product sales, net of cost of goods sold of \$22,000 and \$21,174	16,211	58,767
Conference income	21,193	76,479
Net realized and unrealized investment gain	-	964
In kind revenue	24,000	24,000
Loss on disposal of equipment	(3,139)	(992)
Other income	2,922	-
Total revenues, gains and support without donor restrictions	2,368,371	2,373,570
Expenses:		
Program	1,715,728	1,847,252
General and administrative	273,862	297,887
Fundraising	93,924	107,522
Total expenses	2,083,514	2,252,661
 Increase in total net assets	 284,857	 120,909
Net assets, beginning of year	360,467	239,558
Net assets, end of year	\$ 645,324	\$ 360,467

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

TOUCHING LIVES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 316,069	\$ 88,499	\$ 16,857	\$ 421,425
Benefits, retirement and payroll taxes	<u>136,639</u>	<u>38,259</u>	<u>7,287</u>	<u>182,185</u>
Total personnel	452,708	126,758	24,144	603,610
Advertising and publicity	97,010	-	-	97,010
Answering service	38,455	-	-	38,455
Conferences	11,120	-	-	11,120
Depreciation	22,312	3,821	191	26,324
Dues and subscriptions	-	2,824	-	2,824
Merchant processing and other fees	1,309	33,814	-	35,123
Insurance	-	12,805	-	12,805
Internet and website	23,213	-	-	23,213
Postage and printing	144,566	52,569	21,904	219,039
Production	66,274	-	7,364	73,638
Professional fees	84,915	19,729	-	104,644
Software and supplies	12,173	5,728	-	17,901
Television time	719,724	-	37,880	757,604
Travel and meals	9,423	3,141	-	12,564
Facilities	21,624	10,176	-	31,800
Other expenses	<u>15,840</u>	<u>-</u>	<u>-</u>	<u>15,840</u>
Total expenses	<u>\$ 1,720,666</u>	<u>\$ 271,365</u>	<u>\$ 91,483</u>	<u>\$ 2,083,514</u>
Percent of total	<u>83%</u>	<u>13%</u>	<u>4%</u>	<u>100%</u>

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

TOUCHING LIVES, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program	General and Administrative	Fundraising	Total Expenses
Salaries and wages	\$ 278,290	\$ 88,898	\$ 19,326	\$ 386,514
Benefits, retirement and payroll taxes	131,427	41,984	9,127	182,538
Total personnel	<u>409,717</u>	<u>130,882</u>	<u>28,453</u>	<u>569,052</u>
Advertising and publicity	13,413	-	-	13,413
Answering service	58,670	-	-	58,670
Conferences	84,646	-	-	84,646
Depreciation	29,383	6,199	310	35,892
Dues and subscriptions	-	2,809	-	2,809
Merchant processing and other fees	2,339	34,173	-	36,512
Insurance	-	13,806	-	13,806
Internet and website	23,349	-	-	23,349
Postage and printing	180,711	65,713	27,380	273,804
Production	55,719	-	6,191	61,910
Professional fees	74,041	21,275	-	95,316
Software and supplies	16,249	7,646	-	23,895
Television time	858,573	-	45,188	903,761
Travel and meals	15,650	5,217	-	20,867
Facilities	21,604	10,167	-	31,771
Other expenses	3,188	-	-	3,188
Total expenses	<u>\$ 1,847,252</u>	<u>\$ 297,887</u>	<u>\$ 107,522</u>	<u>\$ 2,252,661</u>
Percent of total	<u>82%</u>	<u>13%</u>	<u>5%</u>	<u>100%</u>

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

TOUCHING LIVES, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 284,857	\$ 120,909
Adjustments to reconcile increase in net assets to net cash provided by operations:		
Depreciation	26,324	35,892
Loss on disposal of equipment	3,139	992
Donated stocks	(16,969)	(10,375)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	19,820	(7,293)
Prepaid expenses	(22,708)	(58,534)
Inventory, net	23,589	168
(Increase) decrease in:		
Accounts payable	(15,859)	(14,143)
Accrued liabilities	6,106	(9,259)
Deferred revenue	20,445	-
Total adjustments	43,887	(62,552)
Net cash provided by operating activities	328,744	58,357
Cash flows from investing activities:		
Proceeds from sale of investments	16,969	10,375
Acquisition of equipment	(9,505)	(15,586)
Net cash provided by (used in) investing activities	7,464	(5,211)
Cash flows from financing activities:		
PPP loan borrowings	77,463	-
Net cash provided by financing activities	77,463	-
Net increase in cash and cash equivalents	413,671	53,146
Cash and cash equivalents, beginning of year	249,063	195,917
Cash and cash equivalents, end of year	\$ 662,734	\$ 249,063

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