

**REFLECTIONS OF TRINITY, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT**

**REFLECTIONS OF TRINITY, INC.**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Reflections of Trinity, Inc.:

We have audited the accompanying financial statements of Reflections of Trinity, Inc., (RT) (a Georgia nonprofit corporation) 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Reflections of Trinity, Inc. as of December 31, 2021, 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 of Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are future described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Reflections of Trinity, Inc. 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 audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

**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. We are also responsible for 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.

## **INDEPENDENT AUDITOR'S REPORT**

(Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 the purpose of expressing an opinion on the effectiveness of Reflections of Trinity, Inc.'s internal control. Accordingly, so 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 Reflection of Trinity Inc.'s ability to continue as a going concern for a reasonable period of time.

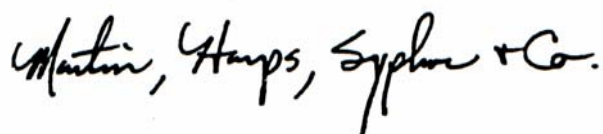
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control matters that we identified during the audit.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, on our consideration of RT's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RT's internal control over financial reporting and compliance

### **Report on Summarized Comparative Information**

We have previously audited Reflections of Trinity, Inc.'s 2020 financial statements, and our report dated March 16, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Atlanta, Georgia  
March 21, 2022

**REFLECTIONS OF TRINITY, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

**(with comparative totals for 2020)**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash	\$ 173,229	\$ 247,526
Investments (Note 6)	105,623	122,721
Digital assets (Note 3)	437,500	-
Employee advances	4,777	-
Loan receivable (Note 4)	20,000	-
Prepaid expenses	6,540	4,665
Inventory	110,079	165,533
Property and equipment, net (Note 7)	395,160	134,649
<b>TOTAL ASSETS</b>	<b><u>\$ 1,252,908</u></b>	<b><u>\$ 675,094</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 4,564	\$ 7,972
Accrued expenses	6,657	3,404
Loans payable (Note 9)	571,264	229,546
<b>Total liabilities</b>	<b><u>582,485</u></b>	<b><u>240,922</u></b>
 <b>Net assets</b>		
Without donor restrictions	666,757	434,172
With donor restrictions (Note 10)	3,666	-
<b>Total net assets</b>	<b><u>670,423</u></b>	<b><u>434,172</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,252,908</u></b>	<b><u>\$ 675,094</u></b>

See independent auditor's report and notes to financial statements.

**REFLECTIONS OF TRINITY, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(with comparative totals for 2020)**

	Without	With	Totals	
	Donor Restrictions	Donor Restrictions	2021	2020
<b>SUPPORT AND REVENUE</b>				
Contributions and grants	\$ 109,018	\$ 68,171	\$ 177,189	\$ 331,243
PPP loan forgiveness	57,124	-	57,124	-
Government grants	45,000	-	45,000	-
Sales revenue, net of cost of goods sold	1,067,394	-	1,067,394	787,729
Realized/unrealized gain on investments	4,843	-	4,843	17,012
Dividends and interest income	131	-	131	46
Realized gain on sale of digital assets	64,253	-	64,253	-
Revaluation of digital assets	13,503	-	13,503	-
Miscellaneous income	2,745	-	2,745	1,362
Inkind donations	6,048,101	-	6,048,101	4,953,508
Net assets released from restrictions				
Satisfaction of restricted purpose (Note 10)	64,505	(64,505)	-	-
Total support and revenue	<u>7,476,617</u>	<u>3,666</u>	<u>7,480,283</u>	<u>6,090,900</u>
<b>EXPENSES</b>				
Program services -				
Food pantry	6,474,666	-	6,474,666	5,091,974
Store	120,706	-	120,706	93,095
Online	262,987	-	262,987	231,367
Warehouse	191,872	-	191,872	166,888
Kids in Crypto	554	-	554	-
Total program services	<u>7,050,785</u>	<u>-</u>	<u>7,050,785</u>	<u>5,583,324</u>
Supporting services -				
General and administration	193,247	-	193,247	144,491
Total supporting services	<u>193,247</u>	<u>-</u>	<u>193,247</u>	<u>144,491</u>
Total expenses	<u>7,244,032</u>	<u>-</u>	<u>7,244,032</u>	<u>5,727,815</u>
CHANGE IN NET ASSETS	232,585	3,666	236,251	363,085
NET ASSETS, BEGINNING OF YEAR	434,172	-	434,172	71,087
NET ASSETS, END OF YEAR	<u>\$ 666,757</u>	<u>\$ 3,666</u>	<u>\$ 670,423</u>	<u>\$ 434,172</u>

See independent auditor's report and notes to financial statements.

**REFLECTIONS OF TRINITY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**(with comparative totals for 2020)**

	Program Services					Total	Supporting Services	Totals	
	Food Pantry	Store	Online	Warehouse	Kids in Crypto		General and Administrative	2021	2020
Donation of products	\$ 6,213,428	\$ 206	\$ -	\$ -	\$ -	\$ 6,213,634	\$ -	\$ 6,213,634	\$ 4,931,029
Salaries	95,588	33,247	114,461	75,115	-	318,411	126,366	444,777	375,902
Payroll taxes	7,419	2,577	8,883	5,805	-	24,684	6,554	31,238	27,280
Contracted services	2,125	39,781	6,492	44,437	-	92,835	-	92,835	62,694
Professional fees	-	-	-	-	-	-	7,000	7,000	7,000
Technology	449	-	5,996	-	173	6,618	660	7,278	4,382
Advertising and promotion	6,000	36	19,509	-	357	25,902	509	26,411	13,454
Insurances	7,594	4,108	2,684	7,934	-	22,320	3,232	25,552	14,702
Utilities	7,888	7,156	3,115	5,214	-	23,373	945	24,318	24,681
Repairs and maintenance	34,225	3,546	-	10,955	-	48,726	7,478	56,204	17,445
Equipment rental	6,930	-	-	-	-	6,930	-	6,930	8,860
Travel and transportation	15,371	2,145	1,411	4,526	-	23,453	2,417	25,870	15,355
Communications	243	4,414	1,317	-	-	5,974	219	6,193	5,823
Facility rent	10,800	12,747	13,200	19,800	-	56,547	270	56,817	54,600
Events and meetings	249	-	397	-	-	646	7,074	7,720	4,165
Dues & subscriptions	4,099	-	-	-	-	4,099	321	4,420	3,600
Service charges	4,343	3,352	11,957	782	24	20,458	7,836	28,294	18,928
Taxes and licenses	320	178	142	292	-	932	4,723	5,655	685
Postage and shipping	-	3	68,291	3	-	68,297	15	68,312	48,221
Supplies and materials	3,926	4,036	4,476	3,282	-	15,720	3,957	19,677	15,543
Contributions	5,635	-	-	-	-	5,635	-	5,635	5,398
Interest expense	-	-	-	2,184	-	2,184	8,683	10,867	8,511
Loss on disposale of fixed asset	-	45	100	25	-	170	-	170	-
Write-off obsolete inventory	20,804	-	-	-	-	20,804	-	20,804	34,725
Depreciation and amortization	27,230	3,129	556	11,518	-	42,433	4,988	47,421	24,832
<b>Total expenses</b>	<b>\$ 6,474,666</b>	<b>\$ 120,706</b>	<b>\$ 262,987</b>	<b>\$ 191,872</b>	<b>\$ 554</b>	<b>\$ 7,050,785</b>	<b>\$ 193,247</b>	<b>\$ 7,244,032</b>	<b>\$ 5,727,815</b>

See independent auditor's report and notes to financial statements.

**REFLECTIONS OF TRINITY, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

**(with comparative totals for 2020)**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 236,251	\$ 363,085
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation and amortization	47,421	24,832
Loss on disposal of fixed assets	170	-
Changes in assets and liabilities:		
Purchases of digital assets	(359,744)	-
Gain on sale of digital assets	(64,253)	-
Revaluation of digital assets	(13,503)	-
Employee advances	(4,777)	1,840
Loan receivable	(20,000)	-
Prepaid expenses	(1,875)	(1,259)
Inventory	55,455	(108,734)
Accounts payable and accrued expenses	(157)	(57,749)
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<u>(125,012)</u>	<u>222,015</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments	17,098	(122,721)
Purchase of building	(260,000)	-
Purchases of other equipment	(48,101)	(88,558)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(291,003)</u>	<u>(211,279)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from PPP & EIDL loans	407,124	236,124
PPP loan forgiveness	(57,124)	-
Principal payments on business loans	(8,282)	(30,662)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<u>341,718</u>	<u>205,462</u>
<b>NET (DECREASE) INCREASE IN CASH</b>	(74,297)	216,198
<b>CASH, BEGINNING OF YEAR</b>	<u>247,526</u>	<u>31,328</u>
<b>CASH, END OF YEAR</b>	<u>\$ 173,229</u>	<u>\$ 247,526</u>
<b>Supplementary information:</b>		
Donated food and other products	\$ 6,048,101	\$ 4,953,508
Loan interest paid	8,761	5,795

See independent auditor's report and notes to financial statements.



**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:**

The accompanying financial statements include the accounts of the Reflections of Trinity, Inc. (RT) (a Georgia nonprofit corporation). RT's financial statements have been prepared in accordance with standards of accounting and reporting established for nonprofit organizations. The significant accounting policies followed by RT are described below:

**A. Organization**

Reflections of Trinity, Inc. is a nonprofit organization incorporated under the laws of the State of Georgia. RT serves to meet the basic needs of those in crisis and facilitates structured opportunities for people to engage in meaningful community service through its four divisions – warehouse, retail store, eBay store and outreach. RT provides services through a community thrift store, selling a variety of goods – new and used. RT also supports and is a benevolent resource center for surrounding churches and many charitable organizations. RT's eBay store markets merchandise to a national and international audience. In addition, RT's outreach division provides free boxes of groceries for those in need in the community.

**B. Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recorded when incurred and accordingly reflect all significant receivables, payables, and other liabilities.

**C. Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. The organization maintains its net assets in two classes as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by the donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donors restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when the stipulated time restriction ends or the purpose 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 restriction.

**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. New Accounting Pronouncements**

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. Under the new guidance, lessor accounting is largely unchanged. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of this standard on the entity's financial statements.

On September 17, 2020, the FASB issued ASU 2020-07 on Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The amendments should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is evaluating the impact of this standard on the entity's financial statements.

**E. Management 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 certain report amounts and disclosures. Accordingly, actual results could differ from those estimates.

**F. Revenue and Revenue Recognition**

RT recognizes contributions when cash, securities or other assets; an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

**G. Cash and Cash Equivalents**

For purposes of the statement of cash flows, RT considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**H. Investments**

The organization accounts for investments under the FASB ASC Not-for-Profit Investments topic. Accordingly, investments are reported at their fair value. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the Statement of Activities as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by a donor or law.

**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. Digital Assets**

Digital assets controlled by RT -

Digital assets consist of various cryptocurrency coins and tokens maintained in several digital wallets. Digital assets meet the definition of intangible assets, as they are identifiable non-monetary assets without physical substance. They are recorded at cost and the revaluation method is used to measure the digital assets subsequently. Under the revaluation method, changes in fair value are recorded in support and revenues. RT revalues its digital assets at the end of each month.

Digital assets are measured at fair value using the quoted price at Coinmarketcap. Coinmarketcap is a pricing aggregator, as the principal market or most advantageous market is not always known. RT believes any price difference amongst the principal market and the aggregated price to be immaterial. Management considers this fair value to be a Level 2 input under the fair value hierarchy as the price on this source represents an average of quoted prices on multiple digital currency exchanges.

Digital assets held by third-party individuals -

Digital assets held by third-party individuals are reported at cost until the return on investment can be determined.

**J. Inventory**

Donated materials for inventory are valued using an estimate based on gaylord/pallet weight and a price factor per pound.

**K. Fixed Assets**

RT capitalizes all expenditures for buildings, property, furniture, vehicles and equipment in excess of \$500. Fixed assets are recorded at cost or fair market value, if donated, and are depreciated using straight line methods over their estimated useful lives. Estimated useful lives are as follows:

Buildings	30 years
Furniture and office equipment	5 to 7 years
Vehicles and machinery	5 years

**L. Inkind Donations**

Inkind donations consist of food, pet food and other products. Receipts of donated foods and other products are primarily valued using bulk rates per pound established by RT. Donations to recipients are also valued using various bulk rates depending on the items of donation.

**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Tax Status**

RT is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is classified as an organization which is not a private foundation under Section 509 (a) of the U.S. Internal Revenue Code. Gifts to RT qualify for the charitable contribution deduction as described in the code. Management believes its income tax positions are clear and unambiguous and does not believe there are any uncertain income tax positions at December 31, 2021. RT could be subject to income tax examinations for its U.S. federal tax filings for the current tax year and previous filings for years 2020, 2019, and 2018, which are still open under the statute of limitations.

**N. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted including salaries, payroll taxes, technology, insurances, utilities, facility rent, office expenses, and depreciation.

**2. LIQUIDITY AND AVAILABILITY**

RT regularly monitors liquidity required to meet its operating needs and other contractual and day to day functions. RT has multiple cash and investment accounts with liquidity at its disposal. For the purpose of analyzing resources available to meet general expenditures over a 12-month operating cycle, RT considers all expenditures related to its ongoing activities. RT anticipates receiving sufficient contributions (materials and cash) and merchandise sales to cover operating expenditures.

As of December 31, 2021, the following table shows the total financial assets held by RT and the amounts of those financial assets, all of which could readily be made available to meet operating expectations and/or expenditures during the next twelve months.

<b><u>Financial Assets – current and available for next twelve months</u></b>	
Cash	\$ 173,229
Investments	<u>105,623</u>
Total Financial Assets	<u><u>\$ 278,852</u></u>

In addition to these financial assets, RT holds digital assets reported as \$437,500, these amounts have been excluded from the total financial assets.

**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**3. DIGITAL ASSETS**

Digital assets controlled by the organization are recorded at cost and uses the revaluation method.

Digital assets held by a third-party individual – on October 28, 2021, an agreement was entered into between the third-party individual and the Executive Director (on behalf of Reflections of Trinity). The agreement refers to invested funds held in three Non-Fungible (NFT) digital collectible projects under development. The total amount invested/held with the third-party individual is \$15,000. According to the agreement, the expected return on investment is \$6,000, originally to be paid out during March 2022, however, subsequent to year end, the parties agreed to a pay-out extension for an additional six months until September 2022.

A summary of digital assets activities during the year consisted of the following:

Balance, December 31, 2020	\$	-
Purchases of digital assets controlled by RT		344,744
Investment held by a third-party individual		15,000
Realized gain on sales of digital assets controlled by RT		64,253
Revaluation of digital assets controlled by RT		13,503
Balance, December 31, 2021	\$	<u>437,500</u>

**4. LOAN RECEIVABLE**

On October 7, 2021, the organization entered into a \$20,000 interest-free loan agreement with the Executive Director. The loan matures on December 31, 2022, with no stated regular payments. On December 31, 2021, the outstanding balance was \$20,000.

**5. RELATED PARTY TRANSACTIONS**

The organization periodically pays charges on behalf of the Executive Director. Repayments are payroll deductions and lump-sum payments. At December 31, 2021, the outstanding balance for related party transactions consisted of a loan and other charges amounting to \$20,000 and \$4,777, respectively.

**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**6. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS**

Financial instruments recorded at fair value are classified using the fair value hierarchy that reflects the significance of inputs used in making the measurements. The three-tier hierarchy categorizes the financial instruments and digital assets as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date. At December 31, 2021, Level 1 comprises of \$105,623 in stocks and a growth fund held by a third-party.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. At December 31, 2021, Level 2 comprises of \$422,500 in digital assets held by RT.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances. At December 31, 2021, Level 3 comprises of \$15,000 in digital assets held by a third-party individual.

Investments are summarized as follows:

<u>Investments in</u>	<u>December 31, 2021</u>
Stocks held by a brokerage firm	\$ 30,617
Reflections of Trinity Growth Fund	75,006
Digital assets	437,500
Total	<u>\$ 543,123</u>

**Reflections of Trinity Growth Fund -**

During January 2020, RT entered into an agency fund agreement (the “Fund”) with the Cobb Community Foundation (the “Foundation”). All property transferred to the Fund by RT constitutes a “reciprocal transaction” as defined in FAS 136, which provides that the Foundation recognizes the Fund as a liability and RT, as the sole beneficiary of the Fund, recognizes a beneficial interest in the Fund as an asset. The Fund is the property of RT and therefore is included in the accompanying financial statements.

All contributions are subject to the Foundation’s gift acceptance policy. Unless a third-party donor explicitly acknowledges the Foundation’s variance power, contributions to the Fund by third parties will be treated as assets contributed by RT.

**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**6. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENTS (continued)**

Under this non-endowed fund, distributions from all funds, including agency funds, are subject to the Foundation's various power, as defined in the agreement and related addendums. This variance power gives the Foundation the power to modify any restriction or condition on the distributions from a fund for any specified charitable purpose or to any specified charitable organization if, in the sole judgment of the Foundation, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community or area served. Restrictions and conditions on distributions are those that apply to either principal and/or income entirely or in part. The Fund is intended to be used for current funding needs with no restrictions on the amount of distributions. Distributions shall only be made by a grant request, not subject to any minimum fund balance.

The Fund chose the following Foundation investment option – 100% Aggressive Growth Investment Pool which primarily seeks increased growth in value with the significant majority of assets in equities, and the remainder in interest bearing securities of various maturities.

The activity of the Fund during the year is summarized as follows:

Balance, January 1, 2021	\$ 57,275
Contributions	8,800
Change in value of investments	9,753
Administrative fees and expenses	(822)
Balance, December 31, 2021	<u>\$ 75,006</u>

**7. PROPERTY AND EQUIPMENT**

Property and equipment at year end for December 31, 2021 consisted of:

Building	\$ 260,000
Furniture and fixtures	40,308
Machinery and equipment	33,215
Office equipment	17,892
Vehicles	161,214
Leasehold improvements	6,163
Total property and equipment	<u>518,792</u>
Accumulated depreciation and amortization	<u>(123,632)</u>
	<u>\$ 395,160</u>

Depreciation and amortization expense for the year was \$47,421.

**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**8. LEASE OBLIGATION**

Effective November 1, 2019, RT entered into a 36-month facility lease agreement at \$2,750 per month through October 31, 2022. The lease premises will be used as a charity donation center (warehouse). Annual lease obligations are as follows for each fiscal year ending December 31:

2022	\$	27,500
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RT rents another facility under a month-to-month lease used as the store and food pantry. Total facilities rent expense for the year was \$56,817.

**9. LOANS PAYABLE**

a) RT entered into a \$29,523 equipment financing agreement dated January 14, 2019. The agreement is collateralized by a single freightliner truck. The agreement requires 60 installment payments. Total interest for the borrowed principal amount is \$10,558. At December 31, 2021, the outstanding principal balance was \$12,522.

b) RT borrowed \$4,000 under a financing agreement for the purchase of equipment. The loan requires 60 installment payments. At December 31, 2021, the outstanding principal balance was \$2,733.

c) Payroll Protection Program (PPP) loans -

During 2021, RT was granted forgiveness of \$57,124, representing the first PPP loan executed on May 5, 2020. As a result of forgiveness granted, the amount is reported as government grant income during 2021.

As part of CARES Act, as amended by the Economic Aid to Hare-Hit Small Businesses, Nonprofits, and Venues Act, on March 16, 2021, a second PPP loan was executed for \$57,124. The terms of the loan is 60 months with a 1% fixed interest rate. In accordance with the loan terms, principal and interest payments are deferred with interest accruing. PPP loans qualify for loan forgiveness from the U. S. Small Business Administration (SBA). However, subsequent to year end, management became aware that the organization cannot qualify for loan forgiveness and must repay the loan.

d) Economic Injury Disaster Loan (EIDL) - As a result of the impact of the COVID-19 pandemic, on May 5, 2020, RT executed a \$150,000 loan with the SBA. On July 26, 2021, RT and the SBA amended the original loan and RT received an additional \$350,000. The loan proceeds are to be used as working capital to alleviate economic injury caused by disaster. At December 31, 2021, outstanding principal balance was \$498,885.



**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**9. LOANS PAYABLE (continued)**

- i. Terms of the amended EIDL loan are as follows:
- Effective with the amended loan terms, installment payments, including principal and interest, of \$2,188 monthly will begin November 5, 2022. The balance of the principal and interest will be payable 30 years from the date of the original promissory note.
  - Interest will accrue at the rate of 2.75% per annum and will accrue only on funds actually advanced from the date of each advance. Each payment will be applied first to interest accrued and the balance will be applied to principal.
  - RT grants to the SBA, a continuing security interest in and to all collateral as described in the loan agreement, including, but not limited to, inventory, equipment, receivables, deposit accounts, intangibles, and other RT property. Other than normal inventory turnover in the ordinary course of business, RT cannot sell or transfer any collateral without prior written consent of SBA.

The maturity schedule for the loans is as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>
2022	\$ 15,719
2023	28,416
2024	28,744
2025	28,785
2026	17,537
Thereafter	452,063

Total principal payments and interest expense for the year were \$8,282 and \$10,867, respectively.

**10. DONOR RESTRICTED NET ASSETS AND RELEASES**

Donor restricted net assets and releases comprised of one grant related to food for a school lunch program.

**11. COMMITMENTS AND CONTINGENCIES**

Donor restricted contributions often require the fulfillment of certain conditions as set forth by the contributors. Failure to fulfill the conditions could result in the return of funds to the contributors. Although the return of the funds is a possibility, the Board of Directors deems the contingency unlikely, since upon accepting the contributions, RT has agreed to comply with provisions thereof.

**REFLECTIONS OF TRINITY, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**12. CONCENTRATIONS OF RISK**

Financial instruments that are potentially subject RT to a concentration of risk consists primarily of cash, investments in stocks and digital assets. RT limits its exposure to loss by placing its cash and stock investments with high credit quality financial institutions and/or brokerage firms.

RT uses the services of several digital wallets to hold its cryptocurrency coins and tokens, however, certain funds are held with a third-party individual.

RT depends heavily on contributions (materials and cash) and sales for its revenue. The ability of certain of RT's contributors to continue giving amounts comparable with prior years may be dependent upon current and future overall economic conditions. While RT's Board of Directors believes RT has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

**13. IMPACT OF COVID19**

COVID19 pandemic has caused global business disruptions and economic uncertainties. Management believes RT is taking appropriate actions to mitigate the negative impact. However, the full impact of the COVID19 pandemic is unknown and cannot be reasonably estimated as these events are still developing.

**14. SUBSEQUENT EVENT**

Management evaluated activity of RT through March 21, 2022 (the date the Financial Statements were available to be issued) and concluded that subsequent events occurred that would require recognition in the Financial Statements or disclosure in the Notes to the Financial Statements as follows:

- a) A six month return on investment pay-out extension, until September 2022, was agreed to by both parties related to the investment in the NFT's.
- b) Management became aware that the organization cannot qualify for loan forgiveness of the PPP loan, amounting to \$57,124.
- c) The SBA granted an additional deferment period for the EIDL loan from 24 months to 30 months.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Reflections of Trinity, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Reflections of Trinity, Inc. (a nonprofit organization), which comprise the statement of financial position, activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Reflections of Trinity, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Reflections of Trinity, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Reflections of Trinity, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Reflections of Trinity, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Atlanta, Georgia  
March 21, 2022