

**IDIGNITY, INC.**

Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report Thereon)

**IDIGNITY, INC.**

Table of Contents

|  | <b>Page</b> |
|--|-------------|
| Independent Auditors' Report                       | 1           |
| Financial Statements:                              |             |
| Statements of Financial Position                   | 3           |
| Statements of Activities and Changes in Net Assets | 4           |
| Statements of Cash Flows                           | 6           |
| Notes to Financial Statements                      | 7           |



Steven F. Davis, Shareholder  
Cheryl B. Morrison, Shareholder  
Christopher J. Grim, Retired

## Independent Auditors' Report

Board of Directors  
IDignity, Inc.

We have audited the accompanying financial statements of IDignity, Inc., which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets 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.

### *Auditors' 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 auditors' 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.

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*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IDignity, Inc. as of December 31, 2014 and 2013, 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.

*Davis Grim and Company P.A.*

Davis, Grim and Company, P.A.  
April 14, 2015

**IDIGNITY, INC.**

Statements of Financial Position

December 31, 2014 and 2013

|  | <u>2014</u>       | <u>2013</u>       |
|--|-------------------|-------------------|
| <b><u>Assets</u></b>                     |                   |                   |
| Cash                                     | \$ 214,895        | \$ 306,531        |
| Restricted cash                          | 60,500            | 24,000            |
| Grants receivable                        | 13,000            | 138,000           |
| Prepaid expenses                         | -                 | 1,178             |
| Property and equipment, net              | <u>615</u>        | <u>1,257</u>      |
| Total assets                             | <u>\$ 289,010</u> | <u>\$ 470,966</u> |
| <b><u>Liabilities and Net Assets</u></b> |                   |                   |
| Liabilities -                            |                   |                   |
| Accounts payable and accrued expenses    | \$ <u>18,427</u>  | \$ <u>11,236</u>  |
| Total liabilities                        | <u>18,427</u>     | <u>11,236</u>     |
| Net assets:                              |                   |                   |
| Unrestricted:                            |                   |                   |
| Undesignated                             | 210,083           | 435,730           |
| Board-designated operating reserve       | <u>24,000</u>     | <u>24,000</u>     |
| Total unrestricted net assets            | 234,083           | 459,730           |
| Temporarily restricted                   | <u>36,500</u>     | <u>-</u>          |
| Total net assets                         | <u>270,583</u>    | <u>459,730</u>    |
| Total liabilities and net assets         | <u>\$ 289,010</u> | <u>\$ 470,966</u> |

See accompanying notes to financial statements.

**IDIGNITY, INC.**

Statement of Activities and Changes in Net Assets

Year ended December 31, 2014

|                                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u>      |
|----------------------------------|---------------------|-----------------------------------|-------------------|
| Support and revenue:             |                     |                                   |                   |
| Direct public support            | \$ 222,953          | \$ -                              | \$ 222,953        |
| Direct public grants             | 23,250              | 50,000                            | 73,250            |
| In-kind donations                | 71,637              | -                                 | 71,637            |
| Program income                   | 4,375               | -                                 | 4,375             |
| Release of restricted assets     | 13,500              | (13,500)                          | -                 |
| Total support and revenue        | <u>335,715</u>      | <u>36,500</u>                     | <u>372,215</u>    |
| Expenses:                        |                     |                                   |                   |
| Program services:                |                     |                                   |                   |
| Salaries and wages               | 154,612             | -                                 | 154,612           |
| Legal services                   | 99,249              | -                                 | 99,249            |
| ID cards and birth certificates  | 68,865              | -                                 | 68,865            |
| Volunteer related                | 7,377               | -                                 | 7,377             |
| Event printing and supplies      | 4,410               | -                                 | 4,410             |
| Direct program expense           | 3,384               | -                                 | 3,384             |
| Event security                   | 1,584               | -                                 | 1,584             |
| Total program services           | <u>339,481</u>      | <u>-</u>                          | <u>339,481</u>    |
| Supporting services:             |                     |                                   |                   |
| Management and general           | 163,222             | -                                 | 163,222           |
| Fundraising                      | 58,659              | -                                 | 58,659            |
| Total supporting services        | <u>221,881</u>      | <u>-</u>                          | <u>221,881</u>    |
| Total expenses                   | <u>561,362</u>      | <u>-</u>                          | <u>561,362</u>    |
| Changes in net assets            | (225,647)           | 36,500                            | (189,147)         |
| Net assets, at beginning of year | <u>459,730</u>      | <u>-</u>                          | <u>459,730</u>    |
| Net assets, at end of year       | <u>\$ 234,083</u>   | <u>\$ 36,500</u>                  | <u>\$ 270,583</u> |

See accompanying notes to financial statements.

## IDIGNITY, INC.

### Statement of Activities and Changes in Net Assets

Year ended December 31, 2013

|                                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Total</u> |
|----------------------------------|---------------------|-----------------------------------|--------------|
| Support and revenue:             |                     |                                   |              |
| Direct public support            | \$ 234,064          | \$ -                              | \$ 234,064   |
| Direct public grants             | 360,320             | -                                 | 360,320      |
| In-kind donations                | 47,860              | -                                 | 47,860       |
| Program Income                   | 1,260               | -                                 | 1,260        |
| Release of restricted assets     | 85,702              | (85,702)                          | -            |
| Total support and revenue        | 729,206             | (85,702)                          | 643,504      |
| Expenses:                        |                     |                                   |              |
| Program services:                |                     |                                   |              |
| Salaries and wages               | 111,671             | -                                 | 111,671      |
| Legal services                   | 67,420              | -                                 | 67,420       |
| ID cards and birth certificates  | 77,433              | -                                 | 77,433       |
| Direct program expense           | 4,544               | -                                 | 4,544        |
| Volunteer related                | 5,875               | -                                 | 5,875        |
| Event printing and supplies      | 2,734               | -                                 | 2,734        |
| Event security                   | 1,168               | -                                 | 1,168        |
| Total program services           | 270,845             | -                                 | 270,845      |
| Supporting services:             |                     |                                   |              |
| Management and general           | 119,133             | -                                 | 119,133      |
| Fundraising                      | 46,907              | -                                 | 46,907       |
| Total supporting services        | 166,040             | -                                 | 166,040      |
| Total expenses                   | 436,885             | -                                 | 436,885      |
| Changes in net assets            | 292,321             | (85,702)                          | 206,619      |
| Net assets, at beginning of year | 167,409             | 85,702                            | 253,111      |
| Net assets, at end of year       | \$ 459,730          | \$ -                              | \$ 459,730   |

See accompanying notes to financial statements.

# IDIGNITY, INC.

## Statements of Cash Flows

December 31, 2014 and 2013

|   | <u>2014</u>       | <u>2013</u>       |
|---|-------------------|-------------------|
| Cash flows from operating activities:   |                   |                   |
| Changes in net assets   | \$ (189,147)      | \$ 206,619        |
| Adjustments to reconcile changes in net assets<br>to net cash provided by (used in) operating activities: |                   |                   |
| Depreciation  | 642               | 642               |
| Increases (decreases) in cash due to changes in:  |                   |                   |
| Accounts receivable   | 125,000           | (100,000)         |
| Prepays   | 1,178             | 7,145             |
| Accounts payable and accrued expenses   | <u>7,191</u>      | <u>4,992</u>      |
| Net cash (used in) provided by operating activities   | (55,136)          | 119,398           |
| Cash, beginning of year   | <u>330,531</u>    | <u>211,133</u>    |
| Cash, end of year   | <u>\$ 275,395</u> | <u>\$ 330,531</u> |
| Cash  |                   |                   |
| Cash  | \$ 214,895        | \$ 306,531        |
| Restricted cash   | <u>60,500</u>     | <u>24,000</u>     |
| Total cash  | <u>\$ 275,395</u> | <u>\$ 330,531</u> |

See accompanying notes to financial statements.



## **IDIGNITY, INC.**

### Notes to Financial Statements

December 31, 2014 and 2013

#### **(1) Organization**

IDignity, Inc. (the Organization) is a not-for-profit corporation founded in December 2008 and established with a mission to assist the poor in navigating the complexities of obtaining one's legal identification documents essential to accessing education, employment, healthcare and housing, through collaboration with government agencies, churches and the community.

#### **(2) Summary of Significant Accounting Policies**

##### **(a) Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

##### **(b) Basis of Presentation**

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

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. There are no permanently restricted net assets as of December 31, 2014 and 2013.

Contributions received with donor-imposed restrictions that are met in the same year as they are received are reported as unrestricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

##### **(c) Promises to Give**

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are recorded at their estimated net realizable value.

**IDIGNITY, INC.**

Notes to Financial Statements

December 31, 2014 and 2013

**(2) Summary of Significant Accounting Policies, Continued**

**(d) Property and Equipment**

Property and equipment consists of office furniture and equipment. Property and equipment in excess of \$2,500 is capitalized and recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Major additions and improvements are capitalized, and more routine expenditures for repairs and maintenance are charged to expense as incurred.

**(e) Donated Materials, Facilities and Services**

Some of the operations of the Organization are conducted in facilities provided for use rent-free. Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions. Contributed materials are recorded at their fair value at the date of the gift.

The estimated fair value of contributed materials, facilities, and services is reflected as support and expenses in the accompanying statements of activities and statements of functional expenses in the period in which the materials, use of facilities, and services are received. For the years ended December 31, 2014 and 2013, contributed materials, facilities and services totaled \$71,637 and \$47,860, respectively and are included as a component of support and revenue on the accompanying statement of activities and changes in net assets.

**(f) Income Taxes**

The Organization has been classified as an other-than-private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

The Organization has adopted the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, result of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2014.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2010.

**IDIGNITY, INC.**

Notes to Financial Statements

December 31, 2014 and 2013

**(2) Summary of Significant Accounting Policies, Continued**

*(g) 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 revenue and expenses during the reporting period. Actual results could differ from these estimates.

*(h) Subsequent Events*

The Organization has performed an evaluation of subsequent events through April 14, 2015, which is the date the financial statements were available to be issued.

*(i) Reclassified Expenses*

Certain expenses for the year ending December 31, 2013, have been reclassified to conform with the 2014 presentation.

**(3) Grant Contingencies**

The Organization receives significant financial assistance from public agencies in the form of grants. Expenditures of funds under those programs require compliance with the grant agreements and are subject to audit. Any disallowed expenditures resulting from such audits become a liability of the Organization. In the opinion of management such adjustments, if any, are not expected to materially affect the financial position of the Organization.

During the year ended December 31, 2014 the Organization received a grant totaling \$50,000 which was designated to be used for the purpose of generating earned income as defined by the agreement. The grant defines earned income as income not generated by corporate, public or foundation grants, individual contributions or in-kind donations. Under the agreement, the Organization must pay back 5% of its earned income, as determined by the grantor, on a quarterly basis beginning after the first year of the agreement and continuing until the earlier of the five year anniversary of the agreement or it has paid back a total of \$100,000 under the terms of the agreement. There were no payments due under the agreement as of and for the year ended December 31, 2014.

**IDIGNITY, INC.**

Notes to Financial Statements

December 31, 2014 and 2013

**(4) Property and Equipment, Net**

|                                   | <b>2014</b> | <b>2013</b> |
|-----------------------------------|-------------|-------------|
| Furniture and equipment           | \$ 3,210    | \$ 3,210    |
| Less: accumulated depreciation    | (2,595)     | (1,953)     |
| Total property and equipment, net | \$ 615      | \$ 1,257    |

Depreciation expense totaled \$642 for each of the years ended December 31, 2014 and 2013.

**(5) Restricted Net Assets**

Temporarily restricted net assets consisted of the following as of December 31:

|                                  | <b>2014</b> | <b>2013</b> |
|----------------------------------|-------------|-------------|
| Points of Light Foundation grant | \$ 36,500   | \$ -        |

**(6) Management and General Expenses**

Management and general expenses consisted of the following as of December 31:

|                              | <b>2014</b> | <b>2013</b> |
|------------------------------|-------------|-------------|
| Office supplies and services | \$ 59,397   | \$ 11,293   |
| Building occupancy           | 35,610      | 27,639      |
| Salaries and payroll taxes   | 28,448      | 34,360      |
| Professional fees            | 15,945      | 29,303      |
| Meetings and travel          | 9,221       | 5,187       |
| Insurance                    | 6,116       | 2,303       |
| Telephone                    | 3,866       | 2,445       |
| Miscellaneous                | 2,524       | 321         |
| Postage and shipping         | 1,453       | 2,492       |
| Depreciation                 | 642         | 642         |
| Office equipment             | -           | 2,479       |
| Printing and publications    | -           | 669         |
| Total expenses               | \$ 163,222  | \$ 119,133  |