

IDIGNITY, INC.

Financial Statements

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

IDIGNITY, INC.

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

Independent Auditors' Report

Board of Directors
IDignity, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of IDignity, Inc., which comprise the statement of financial position as of December 31, 2013 and 2012, 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.

Davis, Grim and Company, P.A.
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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, 2013 and 2012, 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.

Davis, Grim and Company, P.A.

Davis, Grim and Company, P.A.
August 29, 2014

IDIGNITY, INC.

Statements of Financial Position

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Cash	\$ 306,531	\$ 101,431
Restricted cash	24,000	109,702
Grants receivable	138,000	38,000
Prepaid expenses	1,178	8,323
Property and equipment, net	<u>1,257</u>	<u>1,899</u>
Total assets	<u>\$ 470,966</u>	<u>\$ 259,355</u>
<u>Liabilities and Net Assets</u>		
Liabilities -		
Accounts payable and accrued expenses	\$ <u>11,236</u>	\$ <u>6,244</u>
Total liabilities	<u>11,236</u>	<u>6,244</u>
Net assets:		
Unrestricted:		
Undesignated	435,730	143,409
Board-designated operating reserve	<u>24,000</u>	<u>24,000</u>
Total unrestricted net assets	459,730	167,409
Temporarily restricted	<u>-</u>	<u>85,702</u>
Total net assets	<u>459,730</u>	<u>253,111</u>
Total liabilities and net assets	<u>\$ 470,966</u>	<u>\$ 259,355</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 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	54,217	-	54,217
Direct program expense	27,760	-	27,760
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.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Direct public support	\$ 225,048	\$ -	\$ 225,048
Direct public grants	30,000	84,000	114,000
In-kind donations	22,806	-	22,806
Program Income	961	-	961
Release of restricted assets	5,298	(5,298)	-
Total support and revenue	284,113	78,702	362,815
Expenses:			
Program services:			
ID cards and birth certificates	79,142	-	79,142
Salaries and wages	72,489	-	72,489
Legal services	40,907	-	40,907
Volunteer related	10,458	-	10,458
Direct program expense	5,507	-	5,507
Event printing and supplies	4,983	-	4,983
Event security	1,194	-	1,194
Total program services	214,680	-	214,680
Supporting services:			
Management and general	76,485	-	76,485
Fundraising	32,863	-	32,863
Total supporting services	109,348	-	109,348
Total expenses	324,028	-	324,028
Changes in net assets	(39,915)	78,702	38,787
Net assets, at beginning of year	207,324	7,000	214,324
Net assets, at end of year	\$ 167,409	\$ 85,702	\$ 253,111

See accompanying notes to financial statements.

IDIGNITY, INC.

Statements of Cash Flows

December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Changes in net assets	\$ 206,619	\$ 38,787
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	642	642
(Decreases) increases in cash due to changes in:		
Accounts receivable	(100,000)	(38,000)
Prepays	7,145	(8,323)
Accounts payable and accrued expenses	<u>4,992</u>	<u>3,635</u>
Net cash provided by (used in) operating activities	119,398	(3,259)
Cash, beginning of year	<u>211,133</u>	<u>214,392</u>
Cash, end of year	<u>\$ 330,531</u>	<u>\$ 211,133</u>
Cash		
Cash	\$ 306,531	\$ 101,431
Restricted cash	<u>24,000</u>	<u>109,702</u>
Total cash	<u>\$ 330,531</u>	<u>\$ 211,133</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(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, 2013 and 2012.

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, 2013 and 2012

(2) Summary of Significant Accounting Policies, Continued

(d) Property and Equipment

Property and equipment consists of office equipment. Property and equipment in excess of \$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, 2013 and 2012, contributed materials, facilities and services totaled \$47,860 and \$22,806, 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 benefit 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, 2013.

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 year prior to 2009.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(2) Summary of Significant Accounting Policies, Continued

(g) Use of Estimates

The preparation of financial statements in conformity with US GAAP 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 August 29, 2014, which is the date the financial statements were available to be issued.

(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.

(4) Property and Equipment, Net

Property and equipment consists of the following as of December 31:

	<u>2013</u>	<u>2012</u>
Furniture and equipment	\$ 3,210	\$ 3,210
Less: accumulated depreciation	<u>(1,953)</u>	<u>(1,311)</u>
Total property and equipment, net	<u>\$ 1,257</u>	<u>\$ 1,899</u>

Depreciation expense totaled \$642 for each of the years ended December 31, 2013 and 2012, respectively.

(5) Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Restricted for reservation system	\$ -	\$ 4,000
Restricted for specified use by FUMCO grant	<u>-</u>	<u>81,702</u>
Total temporarily restricted net assets	<u>\$ -</u>	<u>\$ 85,702</u>

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2013 and 2012

(6) Management and General Expenses

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

	<u>2013</u>	<u>2012</u>
Salaries and payroll taxes	\$ 34,360	\$ 27,881
Building occupancy	27,639	19,450
Professional fees	29,303	8,653
Office supplies and services	11,293	6,134
Meetings and travel	5,187	4,108
Postage and shipping	2,492	593
Office equipment	2,479	3,304
Telephone	2,445	1,634
Insurance	2,303	789
Printing and publications	669	1,089
Depreciation	642	642
Miscellaneous	321	2,208
Total expenses	<u>\$ 119,133</u>	<u>\$ 76,485</u>