

IDIGNITY, INC.

Financial Statements

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)

IDIGNITY, INC.

Table of Contents

	Page
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
Christopher J. Grim, Shareholder
Cheryl B. Yeomans, Shareholder

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, 2012 and 2011, 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.

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.
Certified Public Accountants & Advisors
518 South Magnolia Avenue, Suite 110 • Orlando, Florida 32801
P.O. Box 3271 • Orlando, Florida 32802
Phone: 407-434-7900 • Fax: 407-434-7910
www.davisgrim.com

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, 2012 and 2011, 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.
November 14, 2013

IDIGNITY, INC.

Statements of Financial Position

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash	\$ 211,133	\$ 214,392
Grants receivable	38,000	-
Prepaid expenses	8,323	-
Property and equipment, net	<u>1,899</u>	<u>2,541</u>
Total assets	<u>\$ 259,355</u>	<u>216,933</u>
<u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ <u>6,244</u>	<u>2,609</u>
Total liabilities	<u>6,244</u>	<u>2,609</u>
Net assets:		
Unrestricted:		
Undesignated	143,409	183,324
Board-designated operating reserve	<u>24,000</u>	<u>24,000</u>
Total unrestricted net assets	167,409	207,324
Temporarily restricted	<u>85,702</u>	<u>7,000</u>
Total net assets	<u>253,111</u>	<u>214,324</u>
Total liabilities and net assets	<u>\$ 259,355</u>	<u>216,933</u>

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	<u>284,113</u>	<u>78,702</u>	<u>362,815</u>
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
Other	5,507	-	5,507
Event printing and supplies	4,983	-	4,983
Event security	1,194	-	1,194
Total program services	<u>214,680</u>	<u>-</u>	<u>214,680</u>
Supporting services:			
Management and general	76,485	-	76,485
Fundraising	32,863	-	32,863
Total supporting services	<u>109,348</u>	<u>-</u>	<u>109,348</u>
Total expenses	<u>324,028</u>	<u>-</u>	<u>324,028</u>
Changes in net assets	(39,915)	78,702	38,787
Net assets, at beginning of year	<u>207,324</u>	<u>7,000</u>	<u>214,324</u>
Net assets, at end of year	<u>\$ 167,409</u>	<u>\$ 85,702</u>	<u>\$ 253,111</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Direct public support	\$ 266,559	\$ -	\$ 266,559
Direct public grants	91,500	7,000	98,500
In-kind donations	19,970	-	19,970
Total support and revenue	378,029	7,000	385,029
Expenses:			
Program services:			
ID cards and birth certificates	60,906	-	60,906
Salaries and wages	51,842	-	51,842
Legal services	15,210	-	15,210
Volunteer related	9,792	-	9,792
Event printing and supplies	3,709	-	3,709
Other	2,800	-	2,800
Event security	2,558	-	2,558
Total program services	146,817	-	146,817
Supporting services:			
Management and general	69,020	-	69,020
Fundraising	15,432	-	15,432
Total supporting services	84,452	-	84,452
Total expenses	231,269	-	231,269
Changes in net assets	146,760	7,000	153,760
Net assets, at beginning of year	60,564	-	60,564
Net assets, at end of year	\$ 207,324	\$ 7,000	\$ 214,324

See accompanying notes to financial statements.

IDIGNITY, INC.

Statements of Cash Flows

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Changes in net assets	\$ 38,787	\$ 153,760
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	642	495
(Decreases) increases in cash due to changes in:		
Accounts receivable	(38,000)	4,602
Prepays	(8,323)	7,529
Accounts payable and accrued expenses	<u>3,635</u>	<u>(343)</u>
Net cash (used in) provided by operating activities	<u>(3,259)</u>	<u>166,043</u>
Cash flows from investing activities -		
Purchases of property and equipment	<u>-</u>	<u>(1,469)</u>
(Decrease) increase in cash	(3,259)	164,574
Cash, beginning of year	<u>214,392</u>	<u>49,818</u>
Cash, end of year	<u>\$ 211,133</u>	<u>214,392</u>
Supplemental disclosure of cash flow information-		
In-kind donations	<u>\$ 22,806</u>	<u>19,970</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2012 and 2011

(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 – 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, 2012 and 2011.

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, 2012 and 2011

(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, 2012 and 2011, contributed materials, facilities and services totaled \$22,806 and \$19,970, 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 of 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, results 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, 2012.

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 2009.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2012 and 2011

(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 November 14, 2013, 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>2012</u>	<u>2011</u>
Furniture and equipment	\$ 3,210	\$ 3,210
Less: accumulated depreciation	<u>(1,311)</u>	<u>(669)</u>
Total property and equipment, net	<u>\$ 1,899</u>	<u>\$ 2,541</u>

Depreciation expense totaled \$642 and \$495 for the years ended December 31, 2012 and 2011, respectively.

(5) Restricted Net Assets

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

	<u>2012</u>	<u>2011</u>
Restricted for reservation system	\$ 4,000	\$ 4,000
Restricted for legal expenses	-	3,000
Restricted for specified use by FUMCO grant	<u>81,702</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 85,702</u>	<u>\$ 7,000</u>

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2012 and 2011

(6) Management and General Expenses

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

	<u>2012</u>	<u>2011</u>
Salaries and payroll taxes	\$ 27,881	\$ 21,601
Building occupancy	19,450	24,377
Professional fees	8,653	1,810
Office supplies and services	6,134	6,336
Meetings and travel	4,108	3,311
Office equipment	3,304	2,483
Miscellaneous	2,208	2,407
Telephone	1,634	76
Printing and publications	1,089	1,671
Insurance	789	3,360
Depreciation	642	495
Postage and shipping	593	1,093
Total expenses	<u>\$ 76,485</u>	<u>\$ 69,020</u>