

IDIGNITY, INC.
Financial Statements
December 31, 2017 and 2016
(With Independent Auditors' Report Thereon)

IDIGNITY, INC.
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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, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

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, 2017 and 2016, 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.

A handwritten signature in blue ink that reads "Davis Group, P.A.".

Davis Group, P.A.

July 31, 2018, except for Note 5, as to which the date is September 28, 2018

IDIGNITY, INC.

Statements of Financial Position

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash	\$ 257,274	\$ 202,825
Restricted cash	292,447	111,500
Grants receivable	<u>268,313</u>	<u>89,357</u>
Total assets	<u>\$ 818,034</u>	<u>\$ 403,682</u>
<u>Liabilities and Net Assets</u>		
Liabilities -		
Accounts payable and accrued expenses	\$ 25,172	\$ 23,447
Total liabilities	<u>25,172</u>	<u>23,447</u>
Net assets:		
Unrestricted:		
Undesignated	500,415	268,735
Board-designated operating reserve	<u>24,000</u>	<u>24,000</u>
Total unrestricted net assets	524,415	292,735
Temporarily restricted	<u>268,447</u>	<u>87,500</u>
Total net assets	<u>792,862</u>	<u>380,235</u>
Total liabilities and net assets	<u>\$ 818,034</u>	<u>\$ 403,682</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Direct public support	\$ 494,555	\$ -	\$ 494,555
Direct public grants	244,690	218,447	463,137
In-kind donations	98,514	-	98,514
Program income	7,009	-	7,009
Assets released from restriction	37,500	(37,500)	-
Total support and revenue	<u>882,268</u>	<u>180,947</u>	<u>1,063,215</u>
Expenses:			
Program services	<u>442,666</u>	<u>-</u>	<u>442,666</u>
Supporting services:			
Management and general	104,296	-	104,296
Fundraising	<u>103,626</u>	<u>-</u>	<u>103,626</u>
Total supporting services	<u>207,922</u>	<u>-</u>	<u>207,922</u>
Total expenses	<u>650,588</u>	<u>-</u>	<u>650,588</u>
Changes in net assets	231,680	180,947	412,627
Net assets, at beginning of year	<u>292,735</u>	<u>87,500</u>	<u>380,235</u>
Net assets, at end of year	<u>\$ 524,415</u>	<u>\$ 268,447</u>	<u>\$ 792,862</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Direct public support	\$ 456,498	\$ -	\$ 456,498
Direct public grants	130,800	87,500	218,300
In-kind donations	79,158	-	79,158
Program income	6,508	-	6,508
Assets released from restriction	36,500	(36,500)	-
Total support and revenue	<u>709,464</u>	<u>51,000</u>	<u>760,464</u>
Expenses:			
Program services	<u>369,521</u>	<u>-</u>	<u>369,521</u>
Supporting services:			
Management and general	110,180	-	110,180
Fundraising	81,316	-	81,316
Total supporting services	<u>191,496</u>	<u>-</u>	<u>191,496</u>
Total expenses	<u>561,017</u>	<u>-</u>	<u>561,017</u>
Changes in net assets	148,447	51,000	199,447
Net assets, at beginning of year	<u>144,288</u>	<u>36,500</u>	<u>180,788</u>
Net assets, at end of year	<u>\$ 292,735</u>	<u>\$ 87,500</u>	<u>\$ 380,235</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Functional Expenses

Year ended December 31, 2017

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total</u>
Salaries and wages	\$ 171,157	\$ 64,184	\$ 32,092	\$ 96,276	\$ 267,433
Legal services	89,950	-	-	-	89,950
ID cards and birth certificates	50,105	-	-	-	50,105
Office supplies and services	28,423	12,654	2,120	14,774	43,197
Direct fundraising expense	-	-	41,509	41,509	41,509
Professional fees	8,550	14,140	14,933	29,073	37,623
Direct program expense	29,416	-	-	-	29,416
Building occupancy	20,012	3,600	450	4,050	24,062
Volunteer related	16,655	-	424	424	17,079
Meetings and travel	7,469	761	2,391	3,152	10,621
Printing and supplies	6,848	252	3,459	3,711	10,559
Insurance	1,917	7,960	-	7,960	9,877
Postage and shipping	1,384	-	4,419	4,419	5,803
Promotional material	2,882	-	1,803	1,803	4,685
Telephone	4,675	-	-	-	4,675
Event security	2,731	-	-	-	2,731
Miscellaneous	492	745	26	771	1,263
Total program services	<u>\$ 442,666</u>	<u>\$ 104,296</u>	<u>\$ 103,626</u>	<u>\$ 207,922</u>	<u>\$ 650,588</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Functional Expenses

Year ended December 31, 2016

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total</u>
Salaries and wages	\$ 148,420	\$ 76,255	\$ 36,827	\$ 113,082	\$ 261,502
Legal services	71,230	-	-	-	71,230
ID cards and birth certificates	45,004	-	-	-	45,004
Office supplies and services	27,168	11,700	1,833	13,533	40,701
Direct fundraising expense	-	-	32,328	32,328	32,328
Direct program expense	30,856	-	-	-	30,856
Building occupancy	17,874	3,600	-	3,600	21,474
Professional fees	875	10,370	-	10,370	11,245
Volunteer related	9,279	-	-	-	9,279
Insurance	2,247	6,527	-	6,527	8,774
Printing and supplies	5,395	-	1,324	1,324	6,719
Meetings and travel	2,867	754	945	1,699	4,566
Telephone	4,262	-	-	-	4,262
Promotional material	-	865	3,280	4,145	4,145
Postage and shipping	1,865	-	2,262	2,262	4,127
Miscellaneous	323	109	2,517	2,626	2,949
Event security	1,856	-	-	-	1,856
Total program services	<u>\$ 369,521</u>	<u>\$ 110,180</u>	<u>\$ 81,316</u>	<u>\$ 191,496</u>	<u>\$ 561,017</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statements of Cash Flows

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Changes in net assets	\$ 412,627	\$ 199,447
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Increases (decreases) in cash due to changes in:		
Grants receivable	(178,956)	(89,357)
Accounts payable and accrued expenses	<u>1,725</u>	<u>(6,326)</u>
Net cash provided by operating activities	<u>235,396</u>	<u>103,764</u>
Increase in cash	235,396	103,764
Cash, beginning of year	<u>314,325</u>	<u>210,561</u>
Cash, end of year	<u><u>\$ 549,721</u></u>	<u><u>\$ 314,325</u></u>
Cash		
Cash	\$ 257,274	\$ 202,825
Restricted cash	<u>292,447</u>	<u>111,500</u>
Total cash	<u><u>\$ 549,721</u></u>	<u><u>\$ 314,325</u></u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2017 and 2016

(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, 2017 and 2016.

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, 2017 and 2016

(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. Furniture and equipment totaling \$3,210 is fully depreciated as of December 31, 2017 and 2016.

(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 services and expenses in the accompanying statements of activities and changes in net assets in the period in which the materials, use of facilities, and services are received. For the years ended December 31, 2017 and 2016, contributed materials, facilities and services totaled \$98,514 and \$79,158, respectively.

(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 (GAAP), 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, 2017. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2017 and 2016

(2) Summary of Significant Accounting Policies, Continued

(g) Use of Estimates

The preparation of financial statements in conformity with 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) Recent Accounting Pronouncements

The Financial Accounting Standards Board recently issued new accounting pronouncements on revenue recognition presentation of not-for-profit financial statements and lease accounting, which are effective beginning in 2018 to 2020. Early adoption is permitted. The Organization is evaluating the impact of the new pronouncements on its financial statements.

(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, 2015, 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 years ended December 31, 2017 and 2016.

(4) Restricted Net Assets

Temporarily restricted net assets consist of funds restricted for delivery of services to clients. Origins of these funds consisted of the following at December 31:

	<u>2017</u>	<u>2016</u>
Homeless Services Network of Central Florida	\$ 100,000	\$ 50,000
City of Orlando	68,447	37,500
State of Florida	50,000	-
Orange County Tax Collector	50,000	-
Total temporarily restricted net assets	<u>\$ 268,447</u>	<u>\$ 87,500</u>

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2017 and 2016

(5) Subsequent Events

The Organization has performed an evaluation of subsequent events through September 28, 2018, which is the the date the financial statements were available to be issued.

Subsequent to December 31, 2017, the Organization signed a letter of intent to purchase a building to serve as the Organization's headquarters and service center. The letter of intent calls for closing on the purchase to occur by November 1, 2018, at a purchase price of \$1,400,000. If closing does not occur by the date specified, the owner of the building may seek other purchasers.

In conjunction with signing the letter of intent, the Organization hired a consulting firm and has begun a capital campaign to raise \$5,500,000 for the purchase and related costs. As of September 28, 2018, the capital campaign has raised approximately \$575,000 in cash and pledges.