

IDIGNITY, INC.
Financial Statements
December 31, 2018 and 2017
(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 Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



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, 2018 and 2017, 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.

Davis Group, 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.davisgroup.com

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, 2018 and 2017, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Davis Group, P.A.

Davis Group, P.A.
August 16, 2019

IDIGNITY, INC.

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Current assets:		
Cash	\$ 500,015	\$ 257,274
Restricted cash	312,893	292,447
Escrow deposit	50,000	-
Investments	29,018	-
Grants receivable	482,614	268,313
Total assets	<u>\$ 1,374,540</u>	<u>\$ 818,034</u>
<u>Liabilities and Net Assets</u>		
Current liabilities-		
Accounts payable and accrued expenses	\$ 30,183	\$ 25,172
Total liabilities	<u>30,183</u>	<u>25,172</u>
Net assets:		
Without donor restrictions:		
Undesignated	548,850	500,415
Board-designated operating reserve	24,000	24,000
Total net assets without donor restrictions	572,850	524,415
With donor restrictions	771,507	268,447
Total net assets	<u>1,344,357</u>	<u>792,862</u>
Total liabilities and net assets	<u>\$ 1,374,540</u>	<u>\$ 818,034</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Direct public grants	\$ 189,727	\$ 454,958	\$ 644,685
Capital campaign income	166,755	316,549	483,304
Direct public support	339,959	-	339,959
In-kind donations	112,262	-	112,262
Program income	7,604	-	7,604
Assets released from restriction	268,447	(268,447)	-
Total support and revenue	<u>1,084,754</u>	<u>503,060</u>	<u>1,587,814</u>
Expenses:			
Program services	<u>609,627</u>	<u>-</u>	<u>609,627</u>
Supporting services:			
Management and general	155,791	-	155,791
Fundraising	<u>270,901</u>	<u>-</u>	<u>270,901</u>
Total supporting services	<u>426,692</u>	<u>-</u>	<u>426,692</u>
Total expenses	<u>1,036,319</u>	<u>-</u>	<u>1,036,319</u>
Changes in net assets	48,435	503,060	551,495
Net assets, at beginning of year	<u>524,415</u>	<u>268,447</u>	<u>792,862</u>
Net assets, at end of year	<u>\$ 572,850</u>	<u>\$ 771,507</u>	<u>\$ 1,344,357</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</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 Functional Expenses

Year ended December 31, 2018

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total</u>
Wages and benefits	\$ 244,876	\$ 76,852	\$ 35,233	\$ 112,085	\$ 356,961
Capital campaign expense	-	-	166,755	166,755	166,755
Professional fees	66,160	44,580	4,853	49,433	115,593
Legal services	89,986	9,755	5,603	15,358	105,344
ID cards and birth certificates	55,963	-	-	-	55,963
Office supplies and services	35,864	12,122	3,903	16,025	51,889
Direct fundraising expense	64	-	45,115	45,115	45,179
Building occupancy	29,219	3,600	-	3,600	32,819
Volunteer related	22,609	4	40	44	22,653
Direct program expense	22,328	-	-	-	22,328
Printing and supplies	12,647	397	3,110	3,507	16,154
Promotional material	6,941	68	4,013	4,081	11,022
Insurance	2,313	6,914	-	6,914	9,227
Meetings and travel	5,920	1,159	1,966	3,125	9,045
Telephone	6,342	-	-	-	6,342
Miscellaneous	3,783	-	-	-	3,783
Postage and shipping	2,365	340	310	650	3,015
Event security	2,247	-	-	-	2,247
Total program services	<u>\$ 609,627</u>	<u>\$ 155,791</u>	<u>\$ 270,901</u>	<u>\$ 426,692</u>	<u>\$ 1,036,319</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>
Wages and benefits	\$ 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.

Statements of Cash Flows

December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Changes in net assets	\$ 551,495	\$ 412,627
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Contributions restricted for capital assets	(316,549)	-
Increases (decreases) in cash due to changes in:		
Escrow deposits	(50,000)	-
Grants receivable	(214,301)	(178,956)
Investments	(29,018)	-
Accounts payable and accrued expenses	5,011	1,725
Net cash (used in) provided by operating activities	(53,362)	235,396
Cash flows from financing activities -		
Proceeds from capital campaign	316,549	-
Increase in cash	263,187	235,396
Cash, beginning of year	549,721	314,325
Cash, end of year	\$ 812,908	\$ 549,721
Cash		
Cash	\$ 500,015	\$ 257,274
Restricted cash	312,893	292,447
Total cash	\$ 812,908	\$ 549,721

See accompanying notes to financial statements.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(1) Organization

IDignity, Inc. (the Organization) is a not-for-profit corporation founded in December 2008 with the mission to assist US citizens and legal residents with regaining legal proof of their identity. Lack of access to one's own identification documents is a barrier to housing, proper healthcare, employment and education. Self-sufficiency is nearly impossible without access to these. By collaborating with government agencies, attorneys, hundreds of volunteers and various nonprofit agencies throughout Central Florida, the Organization is able to serve over 200 individuals in a monthly one-day Identification Clinic. These advocates help the Organization's clients navigate the complexities of obtaining their own documents. Since 2008, the Organization has served over 21,000 unique individuals obtain their IDs, birth certificates, social security cards and various other documents that provide access to opportunities for growth, dignity and hope in the lives of each client served.

(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

The Organization classifies net assets into two categories: with donor restrictions and without donor restrictions. All net assets are considered to be without donor restrictions unless specifically restricted by the donor or by law. The Organization records contributions in the with donor restriction class of net assets if they are received with donor stipulations that limit their use through either purpose or time restrictions or both. When donor restrictions expire – that is, when the purpose restriction is fulfilled or the time restriction expires – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. It is the Organization's policy to record donor-restricted contributions received and expended in the same accounting period as contributions without donor restrictions. Contributions restricted for the purchase of property or equipment are considered to be met when the asset is placed in service.

As of December 31, 2018 and 2017, net assets with donor restrictions totaled \$768,791 and \$268,447, respectively (See Note 7).

(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.

(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, 2018 and 2017.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(2) Summary of Significant Accounting Policies, Continued

(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, 2018 and 2017, contributed materials, facilities and services totaled \$112,262 and \$98,514, respectively.

Many hours of additional donated time have not been reflected in the accompanying statements of activities and changes in net assets as these donated services do not meet either of the two recognition criteria described above. The Organization has estimated the value of these services (14,507 hours), which are not included in the financial statements, to be \$368,913.

(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, 2018. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(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.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(2) Summary of Significant Accounting Policies, Continued

(h) *Allocation of Expenses from Management and General Activities*

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated between the program and support services of the Organization. Those expenses include salaries and benefits and professional fees. Salaries and benefits are allocated based an estimate of the relative benefit provided and considerations of time spent on the related activities. Professional fees have been allocated to based on the relative benefit provided to the Organization.

(i) *Subsequent Events*

The Organization has performed an evaluation of subsequent events through August 16, 2019, which is the date the financial statements were available to be issued.

(3) Grants Receivable

The Organization's receivables are charged to bad debt expense when they are determined to be uncollectible based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially difference from the results that would have been obtained under the allowance method. The Organization recorded no bad debt expense for the years ended December 31, 2018 and 2017.

(4) Escrow Deposits

During the year, the Organization entered into a contract to purchase land. Escrow deposit was required and is fully refundable should the closing not take place (See Note 8).

(5) Fair Value of Assets

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

The following is a description of the valuation methodologies used for investments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy.

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(5) Fair Value of Assets, Continued

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of investments with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified as Level 3 of the hierarchy. There were no Level 2 or 3 investments as of December 31, 2018. There were no investments at December 31, 2017.

The fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis at December 31, 2018 consist solely of Level 1 mutual funds, valued at \$29,018.

No interest and dividends were earned during the year ended December 31, 2018.

(6) 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, 2018 and 2017.

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of funds restricted for delivery of services to clients. Origins of these funds consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Capital campaign	\$ 316,549	\$ -
The Florida Bar Foundation	300,000	-
City of Orlando	101,478	68,447
Homeless Services Network of Central Florida	53,480	100,000
State of Florida	-	50,000
Orange County Tax Collector	-	50,000
Total temporarily restricted net assets	<u>\$ 771,507</u>	<u>\$ 268,447</u>

IDIGNITY, INC.

Notes to Financial Statements

December 31, 2018 and 2017

(8) Capital Campaign

In June 2018, the Organization placed \$50,000 in escrow to purchase land located at 1128 Atlanta Avenue, Orlando, Florida. The Organization plans to acquire the land and construct a building which will house its physical headquarters that will provide a foundation both for their current services as well as expansion in the future. In connection with this project, the Organization has launched a multi-year capital campaign to raise approximately \$4.5 million.

In January 2019, the Organization executed a Purchase and Sale Agreement for the land with a purchase price of \$1,385,000. Simultaneously with the execution of the agreement, the Organization placed an additional \$350,000 in escrow. Per the terms of the agreement, the closing shall take place no later than January 6, 2020; however, the Organization has the right to extend the date of closing by one year to January 6, 2021.

(9) Liquidity

Financial assets available for general expenditure within one year are \$529,033 as of December 31, 2018.

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. As part of its liquidity management, the Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which would be approximately \$217,391 as of year-end. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization does not have a line of credit available to assist with liquidity management.