

IDIGNITY, INC.

Financial Statements

June 30, 2022

(With Independent Auditors' Report Thereon)

IDIGNITY, INC.

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Independent Auditors' Report

Board of Directors
IDignity, Inc.

Opinion

We have audited the financial statements of IDignity, Inc., which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IDignity, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of IDignity, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about IDignity, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.


Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 IDignity, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IDignity, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Davis Group, P.A.
January 30, 2023

IDIGNITY, INC.

Statements of Financial Position

June 30, 2022

	<u>2022</u>
<u>Assets</u>	
Current assets:	
Cash	\$ 904,914
Restricted cash	858,684
Pledges receivable - current portion	127,882
Grants and accounts receivable	<u>370,234</u>
Total current assets	2,261,714
Property and equipment, net	1,407,028
Pledges receivable	<u>39,337</u>
Total assets	<u>\$ 3,708,079</u>
<u>Liabilities and Net Assets</u>	
Current liabilities:	
Accounts payable and accrued expenses	<u>\$ 82,229</u>
Total liabilities:	<u>82,229</u>
Net assets:	
Without donor restrictions:	
Undesignated	2,143,150
Board-designated operating reserve	<u>24,000</u>
Total net assets without donor restrictions	2,167,150
With donor restrictions	<u>1,458,700</u>
Total net assets	<u>3,625,850</u>
Total liabilities and net assets:	<u>\$ 3,708,079</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Support, revenue and gains:			
Direct public support	\$ 653,655	\$ -	\$ 653,655
Capital campaign income	23,110	793,938	817,048
Direct public grants	592,598	176,606	769,204
In-kind donations	52,072	-	52,072
Program income	3,563	-	3,563
Assets released from restriction	<u>1,282,677</u>	<u>(1,282,677)</u>	<u>-</u>
Total support, revenue and gains	<u>2,607,675</u>	<u>(312,133)</u>	<u>2,295,542</u>
Expenses:			
Program services	<u>770,700</u>	<u>-</u>	<u>770,700</u>
Supporting services:			
Management and general	264,862	-	264,862
Fundraising	<u>146,117</u>	<u>-</u>	<u>146,117</u>
Total supporting services	<u>410,979</u>	<u>-</u>	<u>410,979</u>
Total expenses	<u>1,181,679</u>	<u>-</u>	<u>1,181,679</u>
Changes in net assets	1,425,996	(312,133)	1,113,863
Net assets, at beginning of year	<u>741,154</u>	<u>1,770,833</u>	<u>2,511,987</u>
Net assets, at end of year	<u>\$ 2,167,150</u>	<u>\$ 1,458,700</u>	<u>\$ 3,625,850</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Functional Expenses

Year Ended June 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total</u>
Wages and benefits	\$ 445,034	\$ 147,963	\$ 54,512	\$ 202,475	\$ 647,509
Office supplies and services	121,369	55,693	11,115	66,808	188,177
Professional fees	31,915	34,148	74,024	108,172	140,087
Building occupancy	37,598	900	-	900	38,498
ID cards and birth certificates	34,346	-	-	-	34,346
Insurance	4,576	23,160	-	23,160	27,736
Capital campaign expense	23,257	190	-	190	23,447
Meetings and travel	18,172	1,098	2,641	3,739	21,911
Printing and supplies	18,812	1,427	1,329	2,756	21,568
Direct program expense	19,618	-	-	-	19,618
Telephone	7,768	-	-	-	7,768
Postage and shipping	3,983	48	623	671	4,654
Promotional material	3,535	105	50	155	3,690
Other fundraising expenses	-	-	1,823	1,823	1,823
Volunteer related	614	-	-	-	614
Miscellaneous	103	130	-	130	233
Total expenses	<u>\$ 770,700</u>	<u>\$ 264,862</u>	<u>\$ 146,117</u>	<u>\$ 410,979</u>	<u>\$ 1,181,679</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statements of Cash Flows

Year Ended June 30, 2022

Cash flows from operating activities:	
Changes in net assets	\$ 1,113,863
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Contributions restricted for capital assets	(693,074)
Increases (decreases) in cash due to changes in:	
Escrow deposits	
Grants and accounts receivable	(220,530)
Accounts payable and accrued expenses	35,801
Net cash provided by operating activities	<u>236,060</u>
Cash flows from investing activities -	
Withdrawals from escrow accounts	900,000
Purchases of property and equipment	(1,407,028)
Net cash used in investing activities	<u>(507,028)</u>
Cash flows from financing activities -	
Proceeds from capital campaign	793,938
Increase in cash	522,970
Cash, beginning of year	<u>1,240,628</u>
Cash, end of year	<u>\$ 1,763,598</u>
Cash	
Cash	\$ 904,914
Restricted cash	858,684
Total cash	<u>\$ 1,763,598</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Notes to Financial Statements

June 30, 2022

(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 100 individuals per week in bi-weekly Identification Service Days. These advocates help the Organization's clients navigate the complexities of obtaining their own documents. Since 2008, the Organization has served over 27,000 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 June 30, 2022, net assets with donor restrictions totaled \$1,458,700 (See Note 6).

(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 land, 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.

IDIGNITY, INC.

Notes to Financial Statements

June 30, 2022

(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 year ended June 30, 2022, contributed materials, facilities and services totaled \$52,072, 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 (11,861 hours), which are not included in the financial statements, to be \$355,237 for the year ended June 30, 2022.

(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 June 30, 2022. 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

June 30, 2022

(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) Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents in excess of federally insured limits. The Organization places its cash with high quality institutions to minimize the risks. At June 30, 2022, the Organization had \$1,236,296 in excess of FDIC insured limits.

(j) Subsequent Events

The Organization has performed an evaluation of subsequent events through January 30, 2023, which is the date the financial statements were available to be issued.

(3) Grants and Accounts 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 year ended June 30, 2022.

(4) Escrow Deposits

In June 2018, the Organization placed \$50,000 in escrow to purchase land located at 1128 Atlanta Avenue, Orlando, Florida. In January 2019, the Organization executed a Purchase and Sale Agreement for the land and placed an additional \$350,000 in escrow. In January 2021, the Organization signed an amendment to the Purchase and Sale Agreement extending the original purchase date, which was to be no later than January 6, 2020 to the amended date that is January 6, 2022. The amendment also required an additional earnest money deposit of \$100,000. During 2021, the Organization made an additional deposit of \$400,000 as an early voluntary payment to reduce the amount of the loan at the time of purchase and subsequent interest expense.

On December 10, 2021, the Organization closed on the land at the agreed upon contract price of \$1,385,000 and applied \$900,000 of escrow deposits toward the purchase price. The Organization plans to construct a building which will house its physical headquarters that will provide a foundation both for their current services as well as expansion into the future.

IDIGNITY, INC.

Notes to Financial Statements

June 30, 2022

(5) Property and Equipment

Property and equipment consist of the following as of June 30, 2022:

Land	\$	1,407,028
Furniture and equipment		<u>3,210</u>
		1,410,238
Less: accumulated depreciation		<u>(3,210)</u>
Total property and equipment, net	\$	<u><u>1,407,028</u></u>

No depreciation expense was recorded for the year ended June 30, 2022.

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions consist of funds restricted for the acquisition and construction of capital assets, as well as, for delivery of services to clients. Origins of these funds consisted of the following at June 30, 2022:

Capital campaign	\$	1,157,279
Covid relief		218,426
Client services		<u>82,995</u>
Total temporarily restricted net assets	\$	<u><u>1,458,700</u></u>

(7) Capital Campaign

In 2018, the Organization launched a multi-year capital campaign to raise approximately \$4.5 million. The Organization acquired land and plans to 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. See Footnote 4 for additional information.

(8) Liquidity

Financial assets available for general expenditure within one year are \$1,200,423 as of June 30, 2022.

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 \$285,000 as of June 30, 2022, respectively. 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.