

INNER CITY MISSION OF SPRINGFIELD, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

Inner City Mission of Springfield, Inc.

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Independent Auditor's Report

To the Board of Directors
Inner City Mission of Springfield, Inc.

We have audited the accompanying financial statements of the Inner City Mission of Springfield, Inc., which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2018 and 2017, and the related statements of revenues, expenses and other changes in net assets – modified cash basis 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 the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 of 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 risk 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 assets, liabilities, and net assets of the Inner City Mission of Springfield, Inc. as of December 31, 2018 and 2017, and its revenues and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Revenues Received, Expenditures Paid and Changes in Net Assets – Renew Ministries and Consignment on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Estes, Bridgewater + Ogden

Certified Public Accountants
Springfield, Illinois

May 24, 2019

Inner City Mission of Springfield, Inc.
**STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS –
 MODIFIED CASH BASIS**
 December 31, 2018 and 2017

Statement 1

<u>Assets</u>	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 80,062	\$ 56,818
Due from employees.....	<u>3,916</u>	<u>2,924</u>
Total Current Assets	<u>83,978</u>	<u>59,742</u>
RESTRICTED ASSETS		
Cash and cash equivalents	<u>6,319</u>	<u>10,677</u>
FIXED ASSETS		
Building	264,763	242,657
Furniture and equipment.....	65,908	65,908
Improvements	65,912	65,912
Vehicles	9,260	9,260
Land	<u>15,000</u>	<u>15,000</u>
Total Fixed Assets	420,843	398,737
(Less) accumulated depreciation	(<u>344,661</u>)	(<u>333,447</u>)
Total Fixed Assets	<u>76,182</u>	<u>65,290</u>
TOTAL ASSETS	<u>\$166,479</u>	<u>\$135,709</u>
 <u>Liabilities and Net Assets</u> 		
CURRENT LIABILITIES		
Funds held for residents.....	\$ 6,739	\$ 11,074
Due to employees.....	<u>449</u>	<u>351</u>
Total Current Liabilities	<u>7,188</u>	<u>11,425</u>
NET ASSETS		
Without donor restrictions	158,311	124,284
With donor restrictions	<u>980</u>	<u>-</u>
Total Net Assets.....	<u>159,291</u>	<u>124,284</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$166,479</u>	<u>\$135,709</u>

The accompanying notes are an integral part of these financial statements.

Inner City Mission of Springfield, Inc.
**STATEMENTS OF REVENUES, EXPENSES,
AND OTHER CHANGES IN NET ASSETS –
MODIFIED CASH BASIS**
For the Years Ended December 31, 2018 and 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2018 Total</u>
REVENUES			
Contributions.....	\$543,287	\$ 19,032	\$562,319
Consignment sales	-	-	-
Interest income.....	90	-	90
Net assets released from restrictions.....	<u>18,052</u>	(<u>18,052</u>)	<u>-</u>
Total revenues.....	<u>561,429</u>	<u>980</u>	<u>562,409</u>
EXPENSES			
Program services.....	375,198	-	375,198
Management and general.....	104,746	-	104,746
Fundraising	<u>47,458</u>	<u>-</u>	<u>47,458</u>
Total expenses	<u>527,402</u>	<u>-</u>	<u>527,402</u>
CHANGE IN NET ASSETS.....	34,027	980	35,007
NET ASSETS – BEGINNING OF YEAR	<u>124,284</u>	<u>-</u>	<u>124,284</u>
NET ASSETS – END OF YEAR	<u>\$158,311</u>	<u>\$ 980</u>	<u>\$159,291</u>

The accompanying notes are an integral part of these financial statements.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2017 Total</u>
REVENUES			
Contributions.....	\$548,459	\$ -	\$548,459
Consignment sales	76,842	-	76,842
Interest income.....	196	-	196
Net assets released from restrictions.....	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues.....	<u>625,497</u>	<u>-</u>	<u>625,497</u>
EXPENSES			
Program services.....	457,887	-	457,887
Management and general.....	126,649	-	126,649
Fundraising	<u>48,295</u>	<u>-</u>	<u>48,295</u>
Total expenses	<u>632,831</u>	<u>-</u>	<u>632,831</u>
CHANGE IN NET ASSETS	(7,334)	-	(7,334)
NET ASSETS – BEGINNING OF YEAR	<u>131,618</u>	<u>-</u>	<u>131,618</u>
NET ASSETS – END OF YEAR.....	<u>\$124,284</u>	<u>\$ -</u>	<u>\$124,284</u>

Inner City Mission of Springfield, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES –
MODIFIED CASH BASIS
For the Years Ended December 31, 2018 and 2017

	Program Services	Management and General	Fundraising	2018 Total
Accounting and legal fees.....	\$ -	\$ 5,300	\$ -	\$ 5,300
Bank fees	-	2,658	-	2,658
Board expense	-	-	-	-
Community expense	1,551	-	-	1,551
Contractual services	7,566	2,522	-	10,088
Depreciation	-	11,214	-	11,214
Employee benefits.....	8,513	1,703	1,135	11,351
Food.....	1,126	-	-	1,126
Grizzard/One & All.....	39,615	-	9,904	49,519
House supplies	3,339	16	-	3,355
Insurance	10,999	3,667	-	14,666
Membership dues and subscriptions.....	-	867	-	867
Office supplies	785	4,450	-	5,235
Other.....	1,643	961	211	2,815
Payroll taxes	21,476	4,295	2,863	28,634
Postage	1,604	4,811	-	6,415
Printing.....	2,573	1,287	1,287	5,147
Program expense.....	5,879	-	-	5,879
Promotions	833	-	834	1,667
ReNew benevolence.....	-	-	-	-
ReNew consignment.....	-	-	-	-
ReNew merchandise	-	-	-	-
ReNew supplies.....	-	-	-	-
Rent	-	-	-	-
Repairs and maintenance	3,333	370	-	3,703
Resident supplies.....	2,799	-	-	2,799
Salaries	234,182	46,836	31,224	312,242
Sales tax.....	99	-	-	99
Staff expenses.....	-	3,638	-	3,638
Telephone.....	6,079	2,026	-	8,105
Training and seminars.....	707	2,121	-	2,828
Transportation	3,938	1,313	-	5,251
Utilities	<u>16,559</u>	<u>4,691</u>	<u>-</u>	<u>21,250</u>
 Total expenses.....	 <u>\$375,198</u>	 <u>\$104,746</u>	 <u>\$ 47,458</u>	 <u>\$527,402</u>

The accompanying notes are an integral part of these financial statements.

	Program Services	Management and General	Fundraising	2017 Total
Accounting and legal fees.....	\$ -	\$ 5,300	\$ -	\$ 5,300
Bank fees.....	-	4,064	-	4,064
Board expense.....	-	38	-	38
Community expense.....	8,036	-	-	8,036
Contractual services.....	24,985	8,089	-	33,074
Depreciation.....	-	16,923	-	16,923
Employee benefits.....	10,095	2,019	1,346	13,460
Food.....	237	-	-	237
Grizzard/One & All.....	30,884	-	7,721	38,605
House supplies.....	2,372	121	-	2,493
Insurance.....	12,151	4,051	-	16,202
Membership dues and subscriptions.....	-	543	-	543
Office supplies.....	656	3,720	-	4,376
Other.....	6,133	1,664	193	7,990
Payroll taxes.....	24,227	4,845	3,230	32,302
Postage.....	1,698	5,095	-	6,793
Printing.....	3,335	1,667	1,667	6,669
Program expense.....	2,041	-	-	2,041
Promotions.....	1,781	-	1,781	3,562
ReNew benevolence.....	3,746	-	-	3,746
ReNew consignment.....	9,400	-	-	9,400
ReNew merchandise.....	8,842	-	-	8,842
ReNew supplies.....	424	4,383	-	4,807
Rent.....	11,700	-	-	11,700
Repairs and maintenance.....	3,491	635	-	4,126
Resident supplies.....	2,935	-	-	2,935
Salaries.....	242,680	48,536	32,357	323,573
Sales tax.....	5,626	-	-	5,626
Staff expenses.....	-	3,643	-	3,643
Telephone.....	5,913	1,971	-	7,884
Training and seminars.....	247	742	-	989
Transportation.....	6,902	2,156	-	9,058
Utilities.....	<u>27,350</u>	<u>6,444</u>	<u>-</u>	<u>33,794</u>
Total expenses.....	<u>\$457,887</u>	<u>\$126,649</u>	<u>\$ 48,295</u>	<u>\$632,831</u>

Inner City Mission of Springfield, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 1 – SUMMARY OF OPERATIONS

Summary of Operations

Inner City Mission of Springfield, Inc. (Mission) is an Illinois not-for-profit corporation. Membership is open to all independent Christian churches and Churches of Christ on the basis of representation and financial support of the Mission. Its purpose is to provide assistance to the homeless and needy in the form of temporary shelter, food, counseling, and job and apartment location.

Mission Statement:

The Mission of Inner City Mission is to help the homeless find their way home.

Vision:

Calming the chaos in the lives of homeless children, their parents and single women by helping them find the stability in Jesus Christ found in the Bible.

Strategic Statement:

The Mission's strategy is to accomplish the mission by reducing homelessness as it exists in our culture today using a Christian perspective to identify and confront root causes of homelessness. To this end the Mission will provide shelter, support, education and Christian counseling to homeless children, their parents and single women while keeping a Biblical truths about Godly righteousness before our culture, community and fellow Christians.

Nine Strategies:

1. Seek God's direction and insight for the Mission.
2. Maintain a Christian perspective in all the operations of the Mission.
3. Understand the root cause of homelessness.
4. Provide housing and other physical needs for the homeless.
5. Present biblical truths about God's design for a stable lifestyle through Christian counseling.
6. Teach Godly righteousness through guidance and educational programs that address issues common to homelessness.
7. Work to eliminate factors that contribute to homelessness while educating the public on the deteriorating effects of living outside biblical truths.
8. Encourage fellow Christians to confront the root causes of homelessness through the exchange of resources and partnerships with the Mission.
9. Foster a spirit of thanksgiving for the blessings God has provided through the support of His people who make the work of the Mission possible.

Inner City Mission of Springfield, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of Accounting – The modified cash basis of accounting is used by Inner City Mission of Springfield, Inc. (Mission) to prepare its financial statements. Revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. In addition, only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets; in the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities. Fixed assets are capitalized and depreciated in the Mission's financial statements. This is a modification from the cash basis of accounting.
- b. Basis of Presentation – The financial statements of the Organization have been prepared in accordance with the modified cash basis of accounting, which is another basis of accounting other than accounting principles generally accepted in the United States of America, and requires the Organization to report information regarding its financial position and activities accordingly to the following net asset classifications:
- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Association's management and the board of directors.
- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.
- Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.
- c. Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation.
- d. Fixed Assets – Land, building and equipment are carried at cost, except for items donated which are stated at fair value at the time of receipt. Depreciation is provided over the estimated economic useful lives of the assets using the straight-line method. The cost of maintenance and repairs is charged to expense as paid; significant improvements are capitalized. Fixed assets for financial statement reporting purposes are capitalized using a \$1,000 threshold.
- e. Functional expenses – Certain expenses included in the statements of functional expenses – modified cash basis have been allocated between program services, management and general, and fundraising. Compensation and related expenses have been allocated on the basis of an estimate of time devoted to these service areas. Interest and depreciation expenses have been allocated on the basis of building space occupied by the service areas.
- f. Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inner City Mission of Springfield, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

- g. Income Taxes – The Mission is a not-for-profit organization and is an exempt organization under Internal Revenue Code Section 501 (c)(3) and, as such, a public charity qualified for charitable contributions under Internal Revenue Code Section 170.

The Mission has recognized in the financial statements the effects of all tax positions and continually evaluates expiring statutes of limitations, audits, changes in tax law, and new authoritative rulings. The Mission is not aware of any circumstances or events that make it reasonably possible that unrecognized tax benefits may increase or decrease within twelve months of the balance sheet date. Penalties and interest assessed by taxing authorities are included in the provision for income taxes, if applicable. There were no interest or penalties paid during 2018 or 2017.

The Mission files informational tax returns in the United States federal jurisdiction. The federal tax returns prior to 2015 are closed.

- h. New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information provided about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Association has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The changes have the following effect on net assets at January 1, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$124,284	\$ -
Temporarily restricted net assets	-	-
Net assets without donor restrictions	-	124,284
Net assets with donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>\$124,284</u>	<u>\$124,284</u>

Inner City Mission of Springfield, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2018 and 2017

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2018 are:

Financial assets:	
Cash and cash equivalents	\$ 80,062
Less: financial assets held to meet donor-imposed restrictions	(<u> 980</u>)
Amount available for general expenditures within one year	\$ <u>79,082</u>

The Mission's cash flows have variations during the year attributable to timing of payments from donors. To manage liquidity, the organization structures its financial assets to be available as general expenses, liabilities, and other obligations come due.

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes if by occurrence of other events specified by donors. Net assets with donor restrictions for the years ended December 31, 2018 and 2017 totaled \$980 and \$-0-, respectively.

NOTE 5 – RESTRICTED ASSETS

The Mission maintains a checking account for the use of its residents. The residents may deposit money in the account and the Mission holds the money for them until it is requested by the resident. The funds are held in a separate account. The balances were \$6,319 and \$10,677 for the years ended December 31, 2018 and 2017, respectively.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2018 and 2017, the Mission paid the Executive Director's sister for counseling services. In addition, the Mission also employs various other family members of the Executive Director.

NOTE 7 – EMPLOYEE VACATION

The Mission's policies and benefit guidelines provides for payment of unused earned vacation. The balance at December 31, 2018 was \$18,650. This total is not recorded as a liability in the cash basis financial statements.

NOTE 8 – SUBSEQUENT EVENTS

The Mission reviewed events for inclusion in the financial statements through May 24, 2019, the date through which subsequent events have been evaluated and the date the financial statements were available to be issued.