

Micah's Place, Inc.

**Financial Statements
June 30, 2019**



Micah's Place, Inc.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Micah's Place, Inc.
Nassau County, Florida

We have audited the accompanying financial statements of Micah's Place Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 design, implementation, and maintenance of internal control relevant to the preparation 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 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 judgement, 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 Association'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 Micah's Place, Inc, as of June 30, 2019, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cowison & Stam, LLC.

Amelia Island, FL
November 25, 2019

Micah's Place, Inc.

Statement of Financial Position

at June 30, 2019

Assets

Current Assets

Cash and Cash Equivalents	\$	675,417
Investments		482,001
Grants Receivable		124,712
Prepaid Expenses		25,824
Inventory		15,000
Total Current Assets		<u>1,322,954</u>

Property & Equipment 738,831

Other Assets

Deposits 5,620

Total Assets \$ 2,067,405

Liabilities and Net Assets

Current Liabilities

Accounts Payable and Accrued Expenses 50,177
Total Current Liabilities 50,177

Commitments & Contingencies -

Net Assets

Without Donor Restrictions 927,673
Designated by the Board for Operating Reserve 187,000

With Donor Restrictions 902,555

Total Net Assets 2,017,228

Total Liabilities and Net Assets \$ 2,067,405

The accompanying notes are an integral part of this statement

Micah's Place, Inc.

Statement of Activities

For The Year Ended June 30, 2019

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenues, Gains and other Support			
Contributions	\$ 388,192	\$ 7,500	\$ 395,692
Grants & Contracts	-	930,210	\$ 930,210
Other	-	-	\$ -
Thrift Store -Retail Sales	315,498	-	\$ 315,498
Investment Return, Net	42,355	-	\$ 42,355
Net Assets released from restrictions	930,210	(930,210)	\$ -
Total Revenue, gains, and other support	<u>1,676,256</u>	<u>7,500</u>	<u>1,683,756</u>
Expenses			
Program Services	1,058,582	-	1,058,582
Support Services			
Fund Raising	1,173	-	1,173
Thrift Store Operating Costs	255,413	-	255,413
Management and General	112,400	-	112,400
Total Expenses	<u>1,427,568</u>	<u>-</u>	<u>1,427,568</u>
Change in Net Assets	248,688	7,500	256,188
Net Assets, Beginning of Year	865,985	895,055	1,761,040
Net Assets, End of Year	<u>\$ 1,114,673</u>	<u>\$ 902,555</u>	<u>\$ 2,017,228</u>

The accompanying notes are an integral part of this statement

Micah's Place, Inc.

Statement of Cash Flows

For The Year Ended June 30, 2019

Operating Activities

Change in Net Assets	\$ 256,188
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	41,545
Net Change (Increase) in Investments	<u>(3,161)</u>
Increase in Cash & Cash Equivalents	294,572
Decrease in Grants Receivable	47,453
(Increase) in Prepaid Expenses	(751)
Change in Inventory	-
Increase in Accounts Payable and Accrued Liabilities	7,734
Cash Generated by Operations	<u>349,008</u>

Investing Activities

Cash used by Investing Activities - Increase in Investment Values	(25,436)
Cash used by Investing Activities - Fixed Asset Purchases	(416,121)
Cash used by Investing Activities	<u>(441,557)</u>
Net Decrease in Cash and Cash Equivalents	(92,548)
Cash & Cash Equivalents Beginning of Year	767,965
Cash & Cash Equivalents End of Year	<u><u>\$ 675,417</u></u>

The accompanying notes are an integral part of this statement

Micah's Place, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2019

	<u>Program</u>	<u>Thrift Store</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll	698,280	119,035	57,351	-	874,666
Payroll Taxes	56,756	10,445	4,598	-	71,799
Other Employment Costs	38,240	5,463	10,100	-	53,803
Dues & Memberships	6,898	-	2,894	-	9,792
Fundraising Events	40	-	439	-	479
Insurance	16,741	5,980	2,178	-	24,899
Investment Expense	-	-	7,113	-	7,113
Advertising	187	2,300	768	22	3,277
Office Expenses	17,127	11,751	280	-	29,158
Maintenance	24,802	5,414	101	-	30,317
Shelter Operating costs	68,053	-	-	-	68,053
Contracted Services	16,954	799	16,177	-	33,930
Rent	24,845	54,330	6,057	-	85,232
Sales Tax	-	19,808	-	-	19,808
Telephone	13,228	2,226	1,395	-	16,849
Travel & Entertainment	20,238	-	154	-	20,392
Utilities	14,381	11,715	1,195	-	27,291
Other expenses	267	6,147	1,600	1,151	9,165
Depreciation	41,545	-	-	-	41,545
Total Expenses	<u>\$ 1,058,582</u>	<u>\$ 255,413</u>	<u>\$ 112,400</u>	<u>\$ 1,173</u>	<u>\$ 1,427,568</u>

The accompanying notes are an integral part of this statement

MICAH'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 – Description of the Organization

The Organization operates in Nassau County, Florida to provide shelter, support and counseling for domestic violence victims and their children. The Organization started in 2000. Funding comes from governmental grants, fundraisers, and contributions from a very strong volunteer group. The organization is managed by an Executive Director who is guided by an all-volunteer board of directors.

NOTE 2 - Summary of Significant Accounting Policies

Basis of Presentation – The financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according 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.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary, and restrictions may be met with the passage of time or by specific actions. Other restrictions may be in perpetuity.

Donor restricted contributions are reported as increases in net asset with donor restrictions. When the restrictions expire, net assets will be reclassified from net assets with donor restrictions to net assets without donor restrictions.

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 made several improvements to the current reporting requirements that address the following: complexities about the net asset classifications, deficiencies in the transparency and utility of information in assessing an entity's liquidity and available resources to cover expenditures and drive consistency in the reporting of investment returns and expenses.

Reclassifications – Prior year amounts have been reclassified to conform to the current year presentation.

MICAH'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 - Summary of Significant Accounting Policies, continued

- (a) **Cash and Cash Equivalents** - For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, amounts in demand deposits held with banks and short-term investments with an original maturity of ninety days or less.
- (b) **Grants and Contracts Receivable** - Grants and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the history with grantors and contractors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.
- (c) **Investments** – Investments in marketable securities with readily determinable fair values are reported at their fair market values in the Statement of Financial Position.
- (d) **Inventory** - Inventory consists of donated clothing and household items sold in the thrift store. It is stated at the lower of cost or fair market value when contributed or estimated fair market value as of the financial statement date.
- (e) **Property and Equipment, net** - Property and equipment acquired by the Organization are owned by the Organization. However, funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The assets that the organization does not ultimately control through restrictions on their use and disposal have been classified as With Donor Restrictions. The Federal government has a reversionary interest in those assets purchased with its funds which have a cost of \$5,000 or more and an estimated useful life of at least one year. The State of Florida has a reversionary interest in those assets purchased with its funds which have a cost of \$1,000 or more and an estimated useful life of at least one year.

Property and equipment with a value greater than \$2,500 and an estimated useful life of at least one year is recorded at cost when purchased or at estimated fair value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from five to forty years. Repairs and maintenance expenses, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred.

- (f) **Contributions** - Contributions are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with Contributions with donor restrictions that increases this net asset class.

MICAH'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 - Summary of Significant Accounting Policies, continued

However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as satisfaction of the restriction and reclasses the amount to without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed assets must be used, the entity has adopted a policy of not implying a time restriction on contributions of such assets.

Many volunteers have made significant contributions of their time to further the organizations mission. No amounts have been reflected in the financial statements for the volunteer hours.

- (g) **Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited, as determined by management. Methods of allocation: Rent expense is allocated by square footage. Payroll taxes and fringe benefits are allocated based on time spent on each program or grant. Expenses are charged to the program(s) that are directly benefited by the service or expense type. Expenses not related to a specific program are charged to the indirect cost pool. Indirect costs are allocated as a percentage of grant award over total budget.
- (h) **Accrued Leave** - The Organization has a policy that compensates its eligible employees for unused vacation leave, up to a predetermined maximum amount, upon termination of employment. Vacation leave is accrued up to the maximum liability as earned by eligible employees and recorded as an expense in the period earned.
- (i) **Income Taxes** - The Organization is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision for income taxes has been made in the accompanying financial statements.

MICAH'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2 - Summary of Significant Accounting Policies, continued

Micah's Place, Inc. has reviewed and evaluated the relevant technical merits of each of their tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - Significant Funding Sources:

The Organization receives a substantial amount of its funding and support from Florida Coalition Against Domestic Violence, the State of Florida Department of Children and Families and Office of Attorney General. A significant reduction in the level of this funding, if this were to occur, could have a material adverse effect on the Organization's programs and activities.

NOTE 4 - Matching Requirements:

The Organization received a portion of its support through grants and contracts. Certain grants and contracts require the Organization to provide specified amounts of matching revenue. Each contract, where applicable, has met all matching requirements. Also, for each contract that ended on or before June 30, 2019, no obligation remains outstanding to the funding source.

NOTE 5 - Property and Equipment:

The following is a summary of property and equipment at June 30, 2019:

Buildings and improvements	\$	531,084
Leasehold Improvements		75,742
Furniture and equipment		63,345
Vehicles		59,517
Construction in Process		433,566
		<u>1,165,255</u>
Less accumulated depreciation		<u>(426,424)</u>
Total		<u>738,831</u>

MICAH'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 6 - Operating Leases:

The Organization leases the land where its shelter is located from Nassau County, Florida. The initial term of the lease is for ninety-nine years, beginning April 22, 2002 and ending April 22, 2101. The lease may be extended by mutual consent of both parties. The future minimum rental payment is \$1 per year. The Organization is required to use the property for a shelter to help domestic violence victims by providing safe shelter and support services.

The organization leases retail and office space for the thrift stores and corporate office, storage and office equipment. The future obligations under these operating leases are as follows:

2020	81,567
2021	87,557
2022	89,366
2023	91,546
2024	<u>8,930</u>
Total	<u>\$ 430,813</u>

NOTE 7 - Net Assets:

At June 30, 2019 all restrictions placed on grants have been fulfilled and released from restriction. Contributions received that were designated for the shelter expansion have been reported as Contributions with Donor Restrictions. Shelter expansion contributions will be released from restriction when the shelter is placed into service.

The Investment Committee has determined a reserve in the amount of \$187,000 to cover unanticipated operating needs.

NOTE 8 - Endowment Fund Agreement:

The Organization entered into an endowment fund agreement with the Community Foundation of North Florida, Inc. (the "Foundation"). Donations to the endowment fund are held and invested by the Foundation. Annually, Micah's Place, Inc. receives the investment interest earned. Because the Foundation holds the endowment fund assets, they are not reported as assets of the Organization.

MICAH'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 9 - Concentration of Credit Risk:

The organization maintains bank accounts primarily at one banking institution. These accounts are covered under the FDIC insurance coverage limits.

The organization has adopted investment and spending policies for its invested funds that attempt to subject the funds to low investment risk. These funds are subject to market fluctuations and credit risk based on the nature of the investment. The investment funds are not subject to FDIC insurance coverage.

Note 10 – Availability and Liquidity:

The following represent the organizations financial assets at June 30, 2019

Cash and Cash Equivalents	\$ 675,417
Grants receivable	124,712
Investments	<u>482,001</u>

Total **\$ 1,282,130**

Less amounts not available to be used
Within one year:

Board designated funds for future use	<u>187,000</u>
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Total financial assets available to meet general expenditures over the next twelve months	<u>\$1,095,130</u>
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The organizations goal is to maintain financial assets to meet 90 days of operating expenses.

NOTE 11 - Date of Management's Review:

In preparing the financial statements, Micah's Place has evaluated events and transactions for potential recognition or disclosure through November 25, 2019 the date the financial statements were available to be issued.

NOTE 12 – Obligations

The Shelter expansion is scheduled to be completed before the end of the calendar year. The balance of the contract plus any additional costs incurred for authorized change orders are due upon completion of the project. Costs are expected to be \$100,000.

MICAH'S PLACE, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 13- Subsequent Events

On August 8, 2019 the organization entered into an agreement to purchase a property in Fernandina Beach, Florida. The purchase price was \$495,000. Deposits and cash paid at closing totaled \$99,000. The remainder is financed at 2.98% fixed rate for fifteen years, beginning October 7, 2019. The note is amortized over 25 years and the entire remaining balance together with accrued and unpaid interest shall be due and payable of October 7, 2034. After maturity, this note shall bear interest at 18% per annum. Additionally, on October 28, 2019, the board approved expenditures not to exceed \$25,000 for moving, leasehold improvements and furniture and fixtures.