

INTOWN COLLABORATIVE
MINISTRIES, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2020 AND 2019

INTOWN COLLABORATIVE MINISTRIES, INC.

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position as of June 30, 2020 and 2019	2
Statements of Activities for the Years Ended June 30, 2020 and 2019	3
Statement of Functional Expenses for the Year Ended June 30, 2020	4
Statement of Functional Expenses for the Year Ended June 30, 2019	5
Statements of Cash Flows for the Years Ended June 30, 2020 and 2019	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Intown Collaborative Ministries, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Intown Collaborative Ministries, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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.

Auditor's 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 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 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 Intown Collaborative Ministries, Inc. as of June 30, 2020 and 2019, 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.

Atlanta, Georgia
February 8, 2021

Brooks, McGinnis & Company, LLC

INTOWN COLLABORATIVE MINISTRIES, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 486,400	\$ 470,862
Grants receivable	-	40,724
Prepaid expenses	2,579	2,566
Property and equipment, net	22,786	29,672
 Total assets	 \$ 511,765	 \$ 543,824
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 9,639	\$ 673
Total liabilities	9,639	673
Net assets:		
Without donor restrictions:		
Available for operations	337,131	249,957
Expended for property and equipment	22,786	29,672
Total net assets without donor restrictions	359,917	279,629
With donor restrictions	142,209	263,522
Total net assets	502,126	543,151
 Total liabilities and net assets	 \$ 511,765	 \$ 543,824

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

INTOWN COLLABORATIVE MINISTRIES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Changes in unrestricted net assets:		
Revenues, gains and support:		
Congregational contributions	\$ 85,926	\$ 33,459
Individual contributions	269,466	129,581
Foundation contributions	56,098	99,626
In-kind revenues	325,475	288,732
Government grants	222,235	342,857
Special events, net of direct expenses of \$14,648 and \$59,652, respectively	25,170	57,988
Investment income	191	576
	984,561	952,819
Net assets released from restrictions	376,833	6,969
	1,361,394	959,788
Total revenues, gains and support without donor restrictions		
Expenses:		
Program services	1,130,812	817,232
General and administrative	74,720	44,523
Fundraising	75,574	46,265
Total expenses	1,281,106	908,020
Increase in net assets without donor restrictions	80,288	51,768
Changes in net assets with donor restrictions:		
Contributions	52,420	267,500
Government grants	82,000	-
Government grant-PPP loan	121,100	-
Net assets released from restrictions	(376,833)	(6,969)
Increase (decrease) in net assets with donor restrictions	(121,313)	260,531
Increase in net assets	(41,025)	312,299
Net assets, beginning of year	543,151	230,852
Net assets, end of year	\$ 502,126	\$ 543,151

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

INTOWN COLLABORATIVE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and related benefits	\$ 600,955	\$ 40,506	\$ 44,451	\$ 685,912
Client assistance	16,199	-	-	16,199
Training	28,085	-	-	28,085
Food	22,244	-	-	22,244
In-kind donations	325,475	-	-	325,475
Travel	17,976	-	-	17,976
Professional fees	6,024	21,022	6,024	33,070
Supplies	54,074	3,072	4,301	61,447
Occupancy	40,132	1,368	4,105	45,605
Office expense	-	5,600	-	5,600
Repairs and maintenance	13,589	-	-	13,589
Fundraising	-	-	16,073	16,073
Communications	-	2,237	-	2,237
Other expenses	-	708	-	708
Depreciation	6,059	207	620	6,886
	<u>6,059</u>	<u>207</u>	<u>620</u>	<u>6,886</u>
 Total expenses	 <u>\$ 1,130,812</u>	 <u>\$ 74,720</u>	 <u>\$ 75,574</u>	 <u>\$ 1,281,106</u>
	89%	5%	6%	100%

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

INTOWN COLLABORATIVE MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and related benefits	\$ 428,937	\$ 22,206	\$ 34,459	\$ 485,602
Client assistance	11,640	-	-	11,640
Co-op expenses	5,289	-	-	5,289
Food	22,313	-	-	22,313
In-kind donations	288,732	-	-	288,732
Travel	7,541	-	-	7,541
Professional fees	-	17,393	-	17,393
Supplies	15,493	880	1,233	17,606
Occupancy	34,814	1,187	3,560	39,561
Repairs and maintenance	-	2,043	-	2,043
Fundraising	-	-	6,769	6,769
Communications	-	615	-	615
Other expenses	90	118	-	208
Depreciation	2,383	81	244	2,708
Total expenses	<u>\$ 817,232</u>	<u>\$ 44,523</u>	<u>\$ 46,265</u>	<u>\$ 908,020</u>
	90%	5%	5%	100%

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

INTOWN COLLABORATIVE MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ <u>(41,025)</u>	\$ <u>312,299</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,886	2,708
Change in assets and liabilities:		
(Increase) decrease in:		
Grants receivable	40,724	10,170
Promises to give	-	23,200
Prepaid expenses	(13)	4,008
Increase (decrease) in:		
Accounts payable	8,966	(32,777)
Total adjustments	<u>56,563</u>	<u>7,309</u>
Net cash provided by operating activities	<u>15,538</u>	<u>319,608</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(20,888)</u>
Net cash used in investing activities	<u>-</u>	<u>(20,888)</u>
Net increase in cash and cash equivalents	15,538	298,720
Cash and cash equivalents, beginning of year	<u>470,862</u>	<u>172,142</u>
Cash and cash equivalents, end of year	<u>\$ 486,400</u>	<u>\$ 470,862</u>

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

INTOWN COLLABORATIVE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies

Nature of Organization

Founded and incorporated in 2009, Intown Collaborative Ministries, Inc. (the Organization) is a non-profit corporation operating out of facilities in Atlanta, Georgia. The Organization works to prevent and reverse homelessness and hunger in Intown Atlanta by building a health community through caring relationships and transformed lives.

Method of Reporting and Financial Statement Presentation

The Organization's accounts are maintained, and these statements are presented, on the accrual basis of accounting to present the results of changes in net assets and financial position in conformity with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions, based on stipulations made by the donor.

Donated Materials and Services

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services received enhance or create non-financial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time in the Organization's programs and supporting services during the fiscal years 2020 and 2019. No amounts have been reflected in the financial statements for volunteer services because they did not meet the criteria for recognition under generally accepted accounting principles.

During the fiscal years ended June 30, 2020 and 2019, the Organization recognized in-kind donations totaling \$8,000 and \$4,400 for the rent-free utilization of its office space, \$38,538 and \$41,208 for utilization of pantry space, and \$278,937 and \$243,124 for food collected and distributed at its food pantry, respectively.

Contributions

In accordance with generally accepted accounting principles, unconditional promises to give and contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of donor restrictions.

Contributions with donor restrictions are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when the stipulated time restrictions expire or purpose restriction is accomplished) in the same reporting period in which the revenue is recognized.

INTOWN COLLABORATIVE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Contributions – Continued

All other contributions with donor restrictions are reported as increases in net assets with donor restrictions. When a restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Property and Equipment

Property and equipment are stated at cost or if donated, at estimated fair value at time of donation. Depreciation is computed by the straight-line method over the estimated useful lives as stated below. At June 30, 2020 and 2019, the estimated useful lives of property and equipment were as follows:

Building under long-term capital lease	30 years
Furniture, fixtures and equipment	5 - 15 years

The Organization generally follows the practice of capitalizing all expenditures for property and equipment in excess of \$2,500. The fair value of donated fixed assets is similarly capitalized.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

The Organization applies formulas to certain groups of expenses to allocate them between programs, resource development and administration. The allocation formulas are derived from labor costs based upon personnel assignments and/or the space and resources assigned to personnel involved in an activity. In addition, there are analyses of time expended for certain activities. Allocation formulas are reevaluated annually or as material changes warrant. Payroll and related benefits and supplies are allocated on the basis of estimates of time and effort. Occupancy costs and depreciation are allocated on the basis of square footage.

INTOWN COLLABORATIVE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. Nature of Organization and Significant Accounting Policies – Continued

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under the Section 509(a)(2). In the opinion of management, the Organization continues to operate as a tax-exempt organization and, accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. Income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

For the years ended June 30, 2020 and 2019, the Organization did not have any unrelated business income and, accordingly, no unrelated business income tax. The Organization's income tax returns are subject to examination by the appropriate regulatory agencies, and as of June 30, 2020 and 2019, the Organization's federal tax returns remain open to examination for the last three (3) years.

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.

Advertising Costs

Advertising costs are expensed as incurred.

Cash and Cash Equivalents and Concentration of Credit Risks

Cash and cash equivalents consist primarily of demand deposit accounts. For purposes of the statement of cash flows, the Organization considers all short-term, interest-bearing deposits with maturities of three months or less to be cash equivalents.

The balances in the Organization's bank accounts, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of June 30, 2020 and 2019. At June 30, 2020 and 2019, the Organization's cash balances exceeded the FDIC's insured limits by \$217,654 and \$53,877, respectively. Management does not believe the credit risk associated with these uninsured balances is significant.

INTOWN COLLABORATIVE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. Liquidity and Availability of Financial Assets

The Association is substantially supported by contributions without donor restrictions, grants and special event revenues. However, a material amount of contributions with donor restrictions are received each year for various programs. As a donor’s restrictions require funds to be used in a particular manner or in a future period, the Organization maintains those restricted funds so that they are available to meet those responsibilities as they are required to be met. Accordingly, related financial assets are not available to the Organization for its general expenditures. General expenditures may be incurred for program, fundraising, or administrative purposes.

The Organization’s financial assets at June 30, 2020 and 2019 (reduced by amounts that are not available for general use because of donor-imposed restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditure are as follows:

		2020		2019
Cash and cash equivalents	\$	486,400	\$	470,862
Grants receivable		-		40,724
Total financial assets		486,400		511,586
Less:				
Cash restricted by donors for programs		142,209		263,522
Financial assets available to meet cash needs for general expenditures within one year	\$	344,191	\$	248,064

Beginning in early calendar year 2020, the global coronavirus pandemic threatened the U.S. and global economies and has resulted in voluntary and mandatory restrictions including limits on in person gatherings. The broad U.S. and global stock markets have experienced volatility, and consumer confidence has been affected. The Organization depends heavily on contributions to support its operations, and it is uncertain how the potential effects of this outbreak may impact the Organization’s operations and funding in the near future. While management believes they have the resources to continue operations, their ability to do so, and the extent to which it continues, may be reliant on many interdependent factors.

To assist in operational cash flow during the pandemic, the Organization was granted a loan from a financial institution on April 21, 2020 in the amount of \$121,100 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aide, Relief and Economic Security Act (“CARES Act”), provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying businesses. Any portion of the loan not forgiven would be payable in two years based on the applicable rules with an interest rate of 1%. Though the actual application for forgiveness has not yet been approved, management believes that the Organization has met the requirements for full forgiveness of the loan proceeds by spending it on qualifying payroll expenses as of June 30, 2020. Accordingly, the proceeds have been recorded as a governmental grant for the fiscal year ended June 30, 2020.

INTOWN COLLABORATIVE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the following at June 30:

	2020	2019
Cash with donor restrictions	\$ 142,209	\$ 263,522
Cash without donor restrictions	344,191	207,340
	\$ 486,400	\$ 470,862

4. Property and Equipment, Net

Components of property and equipment consist of the following at June 30:

	2020	2019
Leasehold improvements	\$ 24,800	\$ 24,800
Equipment	39,493	39,493
	64,293	64,293
Less accumulated depreciation	(41,507)	(34,621)
	\$ 22,786	\$ 29,672

Depreciation expense for the years ending June 30, 2020 and 2019 was \$6,886 and \$2,708, respectively.

5. Commercial Loan

In November 2020, the Organization executed a commercial loan in the amount of \$28,087 to purchase a new vehicle. Interest on the loan is payable monthly at a fixed rate of 4.13%. The Organization will make monthly payments of principal and interest for fifty-nine (59) months. The loan is secured by the vehicle.

INTOWN COLLABORATIVE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. Commercial Loan—Continued

Future principal payments for this loan are:

2022	\$	3,042
2023		5,389
2024		5,616
2025		5,852
2026		6,099
Thereafter		2,089
	\$	28,087

6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	2020	2019
Purpose and time restricted for outreach and other programs	\$ 140,766	\$ 262,079
Purpose restricted for van	1,443	1,443
Total net assets with donor restrictions	\$ 142,209	\$ 263,522

7. Net Assets Released from Restrictions

Net assets with donor restrictions were released from restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by donors as follows for the years ended June 30:

	2020	2019
Outreach	\$ 242,488	\$ 5,421
Supplies	10,745	-
Personnel costs	121,100	-
Food pantry	2,500	-
Van	-	1,548
Total net assets released from restrictions	\$ 376,833	\$ 6,969

INTOWN COLLABORATIVE MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

8. Commitments and Contingencies

Certain grants and contracts often require fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of the Organization deems the contingency unlikely. The grants and contracts are subject to audit by the grantor, or in the case of federal, state or local funds, the related governmental unit or agency. They have the authority to determine liabilities or limit or suspend participation in the various sponsored programs.

9. Lease Commitments

The Organization leases office space under arrangements that qualify as non-cancelable operating leases. Total rent expense for all operating leases for the years ended June 30, 2020 and 2019 was \$31,662 and \$26,762, respectively. Future minimum rental commitments under all noncancelable operating leases are as follows for the years ending June 30:

2021	\$	26,865
2022		<u>8,000</u>
	\$	<u><u>34,865</u></u>

10. Subsequent Events

Management has evaluated subsequent events through February 8, 2021, the date on which the financial statements were available to be issued. Other than the subsequent event reported in Note 5, there were no significant subsequent events requiring recognition or disclosure in the financial statements except as discussed below.