

Intown Collaborative Ministries, Inc.

Independent Auditor's Report and
Audited Financial Statements

As of and for the Year Ended June 30, 2022



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Independent Auditor's Report

To Management and the Board of
Intown Collaborative Ministries, Inc.
Atlanta, Georgia

Opinion

We have audited the accompanying financial statements of Intown Collaborative Ministries, Inc. (the Organization) (a not-for-profit organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 U.S. GAAP, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 U.S. 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgement 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 the Organization'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.



K. Glenn Aldridge, PC
(d/b/a Aldridge & Associates)
Duluth, Georgia
February 9, 2023

Intown Collaborative Ministries, Inc.

Statement of Financial Position As of June 30, 2022

Assets

Current assets:	
Cash and cash equivalents	\$ 775,218
Prepaid expenses and other assets	8,220
Total current assets	<u>783,438</u>
Property and equipment, net	<u>71,965</u>
Total assets	<u>\$ 855,403</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 6,439
Current portion of note payable	5,616
Total current liabilities	<u>12,055</u>
Long-term liabilities:	
Note payable, net	<u>14,092</u>
Total liabilities	<u>26,147</u>
Net assets:	
Without donor restrictions:	
Undesignated	461,962
Designated by the Board	325,000
	<u>786,962</u>
With donor restrictions:	
Purpose restrictions	<u>42,294</u>
Total net assets	<u>829,256</u>
Total liabilities and net assets	<u>\$ 855,403</u>

Intown Collaborative Ministries, Inc.**Statement of Activities
For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, support and gains:			
Contributions from donors and grants	\$ 746,979	\$ 749,164	\$ 1,496,143
Fundraising events, net	75,268	-	75,268
In-kind contributions	575,601	-	575,601
Other revenue, gains and losses	545	-	545
Net assets released from restrictions	833,967	(833,967)	-
Total revenues, support and gains	2,232,360	(84,803)	2,147,557
Expenses:			
Program activities:			
Food pantry	805,755	-	805,755
Homelessness	953,079	-	953,079
Other	49,137	-	49,137
Total program activities	1,807,971	-	1,807,971
Supporting activities:			
Management and general	256,930	-	256,930
Fundraising and development	39,307	-	39,307
Total support activities	296,237	-	296,237
Total expenses	2,104,208	-	2,104,208
Changes in net assets	128,152	(84,803)	43,349
Net assets, beginning of year	658,810	127,097	785,907
Net assets, end of year	\$ 786,962	\$ 42,294	\$ 829,256

Intown Collaborative Ministries, Inc.

**Statement of Functional Expenses
For the Year Ended June 30, 2022**

	Program Activities				Supporting Activities			Total expenses by nature
	Food pantry	Homelessness	Other	Total	Management and general	Fundraising and development	Total	
Compensation and benefits	\$ 174,021	\$ 800,495	\$ 34,804	\$ 1,009,320	\$ 205,754	\$ 23,203	\$ 228,957	\$ 1,238,277
Fees for services	-	-	-	-	15,798	-	15,798	15,798
Office expense	875	875	125	1,875	375	250	625	2,500
Information technology	9,361	10,351	1,337	21,049	4,011	2,675	6,686	27,735
Occupancy	56,517	48,176	6,022	110,715	16,863	7,226	24,089	134,804
Travel	-	7,100	-	7,100	-	-	-	7,100
Insurance	5,280	24,289	1,056	30,625	3,873	704	4,577	35,202
Printing	-	-	-	-	-	2,223	2,223	2,223
Repairs and maintenance	606	2,790	121	3,517	445	81	526	4,043
Training	2,836	13,047	567	16,450	2,081	378	2,459	18,909
Supplies	545,507	30,665	2,980	579,152	1,381	251	1,632	580,784
Other expenses	633	5,172	124	5,929	5,449	15	5,464	11,393
Interest expense	400	400	57	857	172	114	286	1,143
Depreciation	9,719	9,719	1,944	21,382	728	2,187	2,915	24,297
Total expenses by function	\$ 805,755	\$ 953,079	\$ 49,137	\$ 1,807,971	\$ 256,930	\$ 39,307	\$ 296,237	\$ 2,104,208

Intown Collaborative Ministries, Inc.

Statement of Cash Flows For the Year Ended June 30, 2022

Cash flows from operating activities

Cash provided by operating activities:

Cash received from donors and grants	\$ 1,525,213
Cash received from other sources	75,268
Cash received from interest, dividends and realized gains	33

Cash used by operating activities:

Cash paid to employees	(1,234,483)
Cash paid to service providers, ministry partners and vendors	(269,815)
Interest paid	<u>(1,143)</u>

Net cash provided by operating activities 95,073

Cash flows from investing activities

Cash purchases of property and equipment	(4,208)
Proceeds from sales of assets	<u>1,278</u>

Net cash used by investing activities (2,930)

Cash flows from financing activities

Principal payments on notes payable	<u>(5,179)</u>
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Net cash used by financing activities (5,179)

Net increase in cash and cash equivalents 86,964

Cash and cash equivalents, beginning of year 688,254

Cash and cash equivalents, end of year \$ 775,218

1. NATURE OF ACTIVITIES

Intown Collaborative Ministries, Inc. (the Organization) was formed and incorporated under the laws of the state of Georgia on September 15, 2009 as a not-for-profit organization for the purpose preventing and reversing homelessness and hunger in Intown Atlanta. The Organization envisions a thriving community equipped to provide a prompt and effective support for those experiencing homelessness and hunger.

The Organization is located in Atlanta, Georgia and is supported primarily through contributions and donations from individuals, businesses and community partners. In addition, other activities are available on the Organization's website at www.intowncm.org and through other social media.

The primary programs of the Organization are Homeless Outreach (a four-step process of engagement, enrollment, navigation, and housing), Food Outreach (seeking to alleviate the immediate hunger of neighbors experiencing food insecurity through a food pantry open three times a week), and other program activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies are described to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash, checking and savings accounts, and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash balances may exceed federally insured amounts. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Intown Collaborative Ministries, Inc.

Notes to Financial Statements (Continued) For the Year Ended June 30, 2022

Property and Equipment

The Organization's capitalization policy is to capitalize property and equipment with a purchase price, or donation value, more than \$1,000 and which has a useful life greater than one year. Property and equipment purchased are recorded at cost, or fair value at the date of donation, if donated.

Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Property items retired, or otherwise disposed of, are removed from the asset and accumulated depreciation accounts and any resulting gain or loss is reflected in the statement of activities.

Depreciation is provided over the estimated useful lives of the individual assets using the straight-line method as follows: equipment, 3 to 10 years; vehicles, 5 years.

Impairment

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If a long-lived asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the asset exceeds the fair value of the asset. There were no indicators of asset impairment for the year ended June 30, 2022.

Fair Value Measurement

When required or elected, the Organization reports certain assets and liabilities (financial instruments) at fair value (the estimated price at which an asset can be sold or a liability settled in an orderly transaction to a third party under current market conditions) using appropriate valuation techniques based on available inputs.

Available inputs are categorized (based on the amount of subjectivity associated with the information source) using a three-level fair value hierarchy defined by U.S. GAAP as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2 - Observable inputs other than quoted prices for identical assets and liabilities

Level 3 - Unobservable inputs supported by little or no market activity

When possible, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 are not available.

Intown Collaborative Ministries, Inc.

Notes to Financial Statements (Continued) For the Year Ended June 30, 2022

Net Assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, amounts reported in the financial statements are classified in two self-balancing net asset categories as follows:

- Net assets without donor restrictions are resources currently available for use in general operations, including internal limits imposed by Board decisions.
- Net assets with donor restrictions are resources whose use is limited by donor / grantor-imposed restrictions for specific purpose, passage of time, or perpetual donor-imposed stipulations that neither expire by the passage of time nor can be removed by actions of the Organization.

Recognition of Revenue

Unconditional Contributions

Contributions and donations are reported when made, which is generally when cash is received, unconditional promises to give are made, or ownership of donated assets is transferred to the Organization.

The Organization recognizes contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor-imposed temporary restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and presented in the accompanying statements of activities as net assets released from restrictions.

In certain cases, contributions are solicited for support and project accounts that have been previously funded by unrestricted resources in anticipation of receiving donor restricted contributions. Such contributions are immediately recognized as reclassifications to unrestricted support in the period received since the donor-imposed restrictions have already been satisfied.

Contributions of or to Acquire Long-Term Assets

Contributions of long-term assets, such as property and equipment, are recorded as unrestricted support unless explicit donor stipulations specify how the long-term asset must be used. Contributions of long-term assets with explicit restrictions that specify how the assets are to be used are recognized as restricted support when received and are released from restrictions when the donated assets are placed into service.

Contributions of cash and other assets that must be used to acquire long-term assets are recognized as restricted support. In the absence of explicit donor stipulations about how long those long-term assets must be maintained, the Organization reports expirations of donor-imposed restrictions when the acquired long-term assets are placed into service.

Intown Collaborative Ministries, Inc.

Notes to Financial Statements (Continued) For the Year Ended June 30, 2022

Conditional Contributions

Conditional contributions received are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional. There were no conditional contributions for the year ended June 30, 2022.

Exchange Transactions

The Organization receives revenue from grantors pursuant to grant contracts. The characteristics of each individual grant are considered to determine if a resource provider is receiving commensurate value in return for the resources transferred. A benefit received by the public is treated as an exchange transaction. Exchange transaction revenue is recorded as the costs are incurred for cost reimbursement grants or as the services are performed for operating and performance grants. Management has determined that all 2022 grants should be treated as contributions.

Donated Goods and Services

Unconditional contributions of goods are recorded at fair value at the date of donation. Conditional contributions of goods are either accounted for as a liability or are unrecognized initially until the barriers to entitlement are overcome, at which point the asset is recognized as unconditional.

Donated professional services that create or enhance nonfinancial assets, or require skills that would otherwise typically be purchased, are recorded as contributions at their estimated fair values when the services are rendered.

Volunteers contribute significant amounts of time to our program and supporting activities that would not have otherwise been purchased by the Organization. No value has been assigned to this volunteer time.

Major Donor

During 2022, the Organization has one major donor that accounted for approximately 30% of total contributions and grants.

Advertising Costs

Advertising costs (which are included in other expenses and consist primarily of direct advertisements, graphic design, promotional materials, and participation in community events) are expensed as incurred. Advertising costs, which is included in other expenses, totaled \$152 in 2022.

Intown Collaborative Ministries, Inc.

Notes to Financial Statements (Continued) For the Year Ended June 30, 2022

Allocation of Expenses

The costs of providing the various programs and other activities have been summarized in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Except for depreciation and amortization, occupancy, and professional fees, all expenses are allocated based on an estimate of where time and efforts are made and benefits are received. Depreciation and amortization and occupancy are allocated based on estimated usage and square footage. Fees for services are charged to management and general.

Fundraising Activities

The FASB defines fundraising activities as activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. A solicitation activity is considered fundraising regardless of the outcome. Fundraising activities typically include publicizing and conducting fundraising campaigns; maintaining donor mailing lists; conducting special fundraising events; preparing and distributing fundraising manuals, instructions, and other materials; conducting other activities involved with soliciting contributions from individuals, foundations, government agencies, and others; and soliciting contributions of services from individuals (i.e. time), regardless of whether those services meet the recognition criteria for contributions.

Tax Exempt Status

The Organization has been organized as a Georgia nonprofit corporation, recognized by the IRS as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), and determined not to be a private foundation.

The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income derived from business activities that are unrelated to its exempt purpose. Management has determined that the Organization had no unrelated business income during 2022 and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization only recognizes the tax benefit from an uncertain tax position taken or to be taken in a tax return if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Management has analyzed tax positions taken for filings with the Internal Revenue Service and all state jurisdictions where the Organization operates. Management believes that income tax filing positions would be sustained upon examination and does not anticipate that any adjustments would result in a material adverse effect on the Organization's financial condition, results 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.

Intown Collaborative Ministries, Inc.

Notes to Financial Statements (Continued) For the Year Ended June 30, 2022

The Organization is subject to federal and state examinations, generally three years from the date that the returns are filed; currently there are no examinations in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years prior to 2020.

Pending Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Adoption of this standards is expected to result in the Organization's recognizing right-of-use assets and lease liabilities for some leases currently accounted for as operating leases under the legacy lease accounting guidance. This ASU effective for the Organization for reporting periods beginning after December 15, 2021.

Credit Risk and Geographic Concentration

The Organization conducts its operations within Fulton County, Georgia, and, therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in contributions from donors concurrently with an increase in community need for the Organization's assistance.

3. PROPERTY AND EQUIPMENT

A summary of property and equipment at June 30, 2022 follows:

2023	5,616
2024	5,852
2025	6,099
2026	2,089
	19,656
Less current portion	5,616
Total long-term debt, net	\$ 14,040

Depreciation expense totaled \$24,297 for 2022.

4. DEBT

During November 2020, the Organization borrowed \$28,087 for the purchase of a vehicle. This installment note payable accrues interest at 4.133% with monthly principal and interest payments of \$527. The outstanding balance is secured by the vehicle and the loan matures in November 2025. The outstanding balance for this note was \$19,708

Intown Collaborative Ministries, Inc.

Notes to Financial Statements (Continued) For the Year Ended June 30, 2022

Scheduled maturities of the note are as follows at June 30, 2022:

2023	5,616
2024	5,852
2025	6,099
2026	2,141
	19,708
Less current portion	5,616
Total long-term debt, net	\$ 14,092

Interest expense related to this note totaled \$1,143 for 2022.

5. RELATED PARTIES AND AFFILIATES

The Organization received \$66,242 of contributions from governance members, employees, and affiliates for the year ended June 30, 2022.

6. LEASES

In 2021, the Organization entered into a below market operating lease agreement that expires on December 31, 2022 with the option to renew the lease at the end of the year. Monthly lease payments were \$4,520. The Organization's future minimum annual lease payments for 2023 totaled \$24,050.

Rent expense totaled \$120,441 with \$54,870 being donated services for the year ended June 30, 2022 (see Note 9).

7. NET ASSETS

As of June 30, 2022, the Board has chosen to set aside \$325,000 to be drawn upon, pursuant to Board approval, in the event of special project needs, financial distress, or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

The following is a summary of unrestricted net assets as of June 30, 2022:

Undesignated	\$ 461,962
Designated by the Board	325,000
Total net assets without donor restrictions	\$ 786,962

Intown Collaborative Ministries, Inc.

Notes to Financial Statements (Continued) For the Year Ended June 30, 2022

The components of net assets with donor restrictions at June 30, 2022 were as follows:

Subject to expenditure for specific purpose:	
Partners for Home (Outreach)	\$ 21,368
Partners for Home (Home 1st)	13,486
Mercy Care Outreach	7,440
Total net assets with donor restrictions	\$ 42,294

The following is a schedule of net assets that were released from donor restrictions for the following reason during for the year ended June 30, 2022:

Purpose restrictions accomplished:	
Partners for Home (Outreach)	\$ 222,631
Partners for Home (Home 1st)	358,519
UMC Global Grant	1,003
Mercy Care Outreach	88,247
Partners for Home (Hart)	149,504
Penny Hill (Outreach)	14,063
Net assets released from donor restrictions	\$ 833,967

8. LIQUIDITY AND AVAILABILITY DISCLOSURES

At June 30, 2022, the Organization held unrestricted cash and cash equivalents on hand to meet four and a half months of normal operating expenses, average monthly expenses totaled approximately \$175,000; accordingly, the Board periodically designates a portion of the Organization's operating surplus to its liquidity reserve. As of June 30, 2022, the liquidity reserve totaled \$325,000 (see Note 7).

The Organization prepares an annual budget that is reviewed and approved by the Board in advance of the upcoming year. Periodic meetings are held by the Board to review internal financial statements and budget to actual comparisons. Management does not commit to expenditures if cash is not available to pay the expenditures immediately; however, in the event of an unanticipated liquidity need, the Organization has a corporate credit card with a credit limit up to \$10,000 that it could draw upon. At June 30, 2022, the amount of available credit on this corporate credit card was approximately \$4,000.

Intown Collaborative Ministries, Inc.

Notes to Financial Statements (Continued) For the Year Ended June 30, 2022

Following is a schedule, as of June 30, 2022, reflected the financial assets available to meet cash needs for general expenditures within one year:

Financial assets, at year end:	
Cash and cash equivalents	\$ 775,218
	775,218
Less:	
Donor-imposed restrictions likely to be met by expenditure within one year making financial assets unavailable for general expenditure	(42,294)
Board designated liquidity reserves	(325,000)
	\$ 407,924

9. DONATED GOODS AND SERVICES

A summary of donated goods and services received during 2022 follows:

	Program Activities			Supporting Activities			Totals by type
	Food pantry	Homelessn	Total	Management and general	Fundraising and development	Total	
		ess					
Donated goods and services:							
Supplies	\$ 520,731	\$ -	\$ 520,731	\$ -	\$ -	\$ -	\$ 520,731
Occupancy	36,900	16,170	53,070	600	1,200	1,800	54,870
	\$ 557,631	\$ 16,170	\$ 573,801	\$ 600	\$ 1,200	\$ 1,800	\$ 575,601

The fair value of the contributed services is based on the hourly rates that would be charged for conducting the services provided in the normal course of business. The Organization relied completely on the fair market values provided by donors for the contribution of services.

Contributed goods are valued at the level 3 estimated fair value of estimated retail values that would be received for selling identical or similar products.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2023, which is the date on which the financial statements were available to be issued. In general, these events are recognized in the financial statements if the conditions existed at the date of the statement of financial position but are not recognized if the conditions did not exist at the statement of financial position date. The Organization discloses non-recognized events if required to keep the financial statements from being misleading. There were no subsequent events identified by the Organization for disclosure.
