

IDIGNITY, INC.

Financial Statements

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

IDIGNITY, INC.

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Independent Auditors' Report

Board of Directors
IDignity, Inc.

Opinion

We have audited the financial statements of IDignity, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of IDignity, Inc. as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IDignity, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about IDignity, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Davis Group, P.A.
November 22, 2024

IDIGNITY, INC.

Statements of Financial Position

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 722,940	\$ 653,876
Restricted cash	3,554,992	1,315,006
Prepaid expenses	10,083	10,789
Pledges receivable - current portion	173,533	142,096
Grants and accounts receivable	64,177	85,034
Total current assets	<u>4,525,725</u>	<u>2,206,801</u>
Property and equipment, net	1,734,600	1,421,076
Intangible assets, net	74,204	63,672
Pledges receivable	231,943	144,165
Total assets	<u>\$ 6,566,472</u>	<u>\$ 3,835,714</u>
<u>Liabilities and Net Assets</u>		
Current liabilities-		
Accounts payable and accrued expenses	\$ 97,352	\$ 74,604
Deferred revenue	169,050	-
Total liabilities	<u>266,402</u>	<u>74,604</u>
Net assets:		
Without donor restrictions		
Undesignated	2,315,602	2,224,871
Board-designated operating reserves	24,000	24,000
Total net assets without donor restrictions	<u>2,339,602</u>	<u>2,248,871</u>
With donor restrictions	3,960,468	1,512,239
Total net assets	<u>6,300,070</u>	<u>3,761,110</u>
Total liabilities and net assets	<u>\$ 6,566,472</u>	<u>\$ 3,835,714</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Support, revenue and gains:			
Direct public support	\$ 484,635	\$ 37,500	\$ 522,135
Capital campaign income	-	2,730,695	2,730,695
Direct public grants	8,075	770,300	778,375
In-kind donations	87,941	-	87,941
Interest income	110,582	-	110,582
Assets released from restriction	<u>1,090,266</u>	<u>(1,090,266)</u>	<u>-</u>
Total support, revenue and gains	<u>1,781,499</u>	<u>2,448,229</u>	<u>4,229,728</u>
Expenses:			
Program services	<u>1,098,116</u>	<u>-</u>	<u>1,098,116</u>
Supporting services:			
Management and general	234,137	-	234,137
Fundraising	<u>358,515</u>	<u>-</u>	<u>358,515</u>
Total supporting services	<u>592,652</u>	<u>-</u>	<u>592,652</u>
Total expenses	<u>1,690,768</u>	<u>-</u>	<u>1,690,768</u>
Changes in net assets	90,731	2,448,229	2,538,960
Net assets, at beginning of year	<u>2,248,871</u>	<u>1,512,239</u>	<u>3,761,110</u>
Net assets, at end of year	<u>\$ 2,339,602</u>	<u>\$ 3,960,468</u>	<u>\$ 6,300,070</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Activities and Changes in Net Assets

Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support, revenue and gains:			
Direct public grants	\$ 409,965	\$ -	\$ 409,965
Capital campaign income	-	422,592	422,592
Direct public support	449,256	256,687	705,943
In-kind donations	83,181	-	83,181
Assets released from restriction	625,740	(625,740)	-
Total support, revenue and gains	<u>1,568,142</u>	<u>53,539</u>	<u>1,621,681</u>
Expenses:			
Program services	<u>1,013,857</u>	<u>-</u>	<u>1,013,857</u>
Supporting services:			
Management and general	293,312	-	293,312
Fundraising	<u>179,252</u>	<u>-</u>	<u>179,252</u>
Total supporting services	<u>472,564</u>	<u>-</u>	<u>472,564</u>
Total expenses	<u>1,486,421</u>	<u>-</u>	<u>1,486,421</u>
Changes in net assets	81,721	53,539	135,260
Net assets, at beginning of year	<u>2,167,150</u>	<u>1,458,700</u>	<u>3,625,850</u>
Net assets, at end of year	<u>\$ 2,248,871</u>	<u>\$ 1,512,239</u>	<u>\$ 3,761,110</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Functional Expenses

Year Ended June 30, 2024

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	<u>Total</u>
Wages and benefits	\$ 572,528	\$ 104,926	\$ 135,814	\$ 240,740	\$ 813,268
Capital Campaign	181,279	224	41,070	41,294	222,573
Office Supp & Srv	21,708	79,657	76,486	156,143	177,851
Prof Fees	4,659	28,592	76,125	104,717	109,376
Client Docs	100,065	-	-	-	100,065
Occupancy	91,904	675	-	675	92,579
Direct Events	49,675	277	-	277	49,952
Property taxes and insurance	33,755	11,479	-	11,479	45,234
Meetings & Travel	14,348	3,352	3,639	6,991	21,339
Miscellaneous	11,766	2,185	2,857	5,042	16,808
Direct Fundraising	-	-	14,181	14,181	14,181
Telephone	6,216	1,154	1,510	2,664	8,880
Promotional Materials	1,426	211	5,305	5,516	6,942
Depreciation	3,762	698	913	1,611	5,373
Postage and Shipping	2,534	470	615	1,085	3,619
Printing & Supplies	1,980	237	-	237	2,217
Volunteer Related	511	-	-	-	511
Total expenses	<u>\$ 1,098,116</u>	<u>\$ 234,137</u>	<u>\$ 358,515</u>	<u>\$ 592,652</u>	<u>\$ 1,690,768</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statement of Functional Expenses

Year ended June 30, 2023

	Program	General and Administrative	Fundraising	Total Support Services	Total
Wages and benefits	\$ 545,136	\$ 173,945	\$ 59,032	\$ 232,977	\$ 778,113
Office supplies and services	67,615	74,478	9,869	84,347	151,962
Professional fees	19,751	24,043	94,707	118,750	138,501
Client Docs	123,362	1,755	-	1,755	125,117
Occupancy	108,188	2,375	-	2,375	110,563
Property taxes and insurance	29,660	13,389	-	13,389	43,049
Capital campaign	40,878	140	-	140	41,018
Printing and supplies	25,573	1,364	455	1,819	27,392
Direct events	21,187	-	-	-	21,187
Direct Fundraising	-	-	14,514	14,514	14,514
Meetings and travel	10,800	1,820	482	2,302	13,102
Telephone	8,364	-	-	-	8,364
Miscellaneous	6,512	-	-	-	6,512
Postage and shipping	3,744	3	193	196	3,940
Promotional material	2,236	-	-	-	2,236
Volunteer related	851	-	-	-	851
Total expenses	\$ <u>1,013,857</u>	\$ <u>293,312</u>	\$ <u>179,252</u>	\$ <u>472,564</u>	\$ <u>1,486,421</u>

See accompanying notes to financial statements.

IDIGNITY, INC.

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Changes in net assets	\$ 2,538,960	\$ 135,260
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	5,373	2,414
Contributions restricted for capital assets	(2,730,695)	(422,592)
Increases (decreases) in cash due to changes in:		
Grants and accounts receivable	20,857	285,200
Prepaid expenses	706	(10,789)
Accounts payable and accrued expenses	22,748	(7,625)
Deferred revenue	169,050	-
Net cash provided by (used in) operating activities	26,999	(18,132)
Cash flows from investing activities -		
Purchases of software	(10,532)	(63,672)
Purchases of property and equipment	(318,897)	(16,462)
Net cash used in investing activities	(329,429)	(80,134)
Cash flows from financing activities -		
Proceeds from capital campaign	2,611,480	303,550
Increase in cash	2,309,050	205,284
Cash, beginning of year	1,968,882	1,763,598
Cash, end of year	\$ 4,277,932	\$ 1,968,882
Cash		
Cash	\$ 722,940	\$ 653,876
Restricted cash	3,554,992	1,315,006
Total cash	\$ 4,277,932	\$ 1,968,882

See accompanying notes to financial statements.

IDIGNITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(1) Organization

IDignity, Inc. (the Organization) is a not-for-profit corporation founded in December 2008 with the mission to assist US citizens and legal residents with regaining legal proof of their identity. Lack of access to one's own identification documents is a barrier to housing, proper healthcare, employment and education. Self-sufficiency is nearly impossible without access to these. By collaborating with government agencies, attorneys, hundreds of volunteers and various nonprofit agencies throughout Central Florida, the Organization is able to serve over 100 individuals per week in bi-weekly Identification Service Days. These advocates help the Organization's clients navigate the complexities of obtaining their own documents. Since 2008, the Organization has served over 30,000 unique individuals obtain their IDs, birth certificates, social security cards and various other documents that provide access to opportunities for growth, dignity and hope in the lives of each client served.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

(b) Basis of Presentation

The Organization classifies net assets into two categories: with donor restrictions and without donor restrictions. All net assets are considered to be without donor restrictions unless specifically restricted by the donor or by law. The Organization records contributions in the with donor restriction class of net assets if they are received with donor stipulations that limit their use through either purpose or time restrictions or both. When donor restrictions expire – that is, when the purpose restriction is fulfilled or the time restriction expires – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions restricted for the purchase of property or equipment are considered to be met when the asset is acquired or constructed.

As of June 30, 2024 and 2023, net assets with donor restrictions totaled \$4,264,303 and 1,512,239, respectively (See Note 5).

(c) Cash and cash equivalents

Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

(d) Promises to Give

Unconditional promises to give are recognized as revenues in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Promises to give are recorded at their estimated net realizable value.

IDIGNITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(2) Summary of Significant Accounting Policies, Continued

(e) *Property and Equipment*

Property and equipment consists of land, office furniture and equipment. Property and equipment in excess of \$5,000 is capitalized and recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Major additions and improvements are capitalized, and more routine expenditures for repairs and maintenance are charged to expense as incurred.

(f) *Intangible Assets*

Intangible assets consist of internal use software. Expenditures for software purchases and software developed or obtained for internal use are capitalized and amortized generally over a three to five-year period on a straight-line basis. The Organization capitalizes direct costs of materials and services associated with developing or obtaining internal use computer software. Costs associated with preliminary project stage activities, training, maintenance, and all other post-implementation stage activities are expensed as incurred. The Organization also expenses costs related to minor upgrades and enhancements, as it is impractical to separate these costs from normal maintenance activities.

(g) *Donated Materials, Facilities and Services*

Some of the operations of the Organization are conducted in facilities provided for use rent-free. Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions. Contributed materials are recorded at their fair value at the date of the gift.

The estimated fair value of contributed materials, facilities, and services is reflected as support services and expenses in the accompanying statements of activities and changes in net assets in the period in which the materials, use of facilities, and services are received. For the years ended June 30, 2024 and 2023, contributed materials, facilities and services totaled \$87,941 and \$83,181, respectively.

Many hours of additional donated time have not been reflected in the accompanying statements of activities and changes in net assets as these donated services do not meet either of the two recognition criteria described above. The Organization has estimated the value of these services (15,357 and 12,941 hours), which are not included in the financial statements, to be \$245,712 and \$194,115 for the years ended June 30, 2024 and 2023, respectively.

(h) *Deferred revenue*

Funds received in the form of state grants are primarily on a reimbursement basis. Any advances from state grants are recorded as deferred revenue until earned.

(i) *Income Taxes*

The Organization has been classified as an other-than-private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

IDIGNITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(2) Summary of Significant Accounting Policies, Continued

(i) Income Taxes, Continued

The Organization has adopted the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America (GAAP), with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates.

The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, result of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2024. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

(j) Use of Estimates

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

(k) Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated between the program and support services of the Organization. Those expenses include salaries and benefits and professional fees. Salaries and benefits are allocated based on an estimate of the relative benefit provided and considerations of time spent on the related activities. Professional fees have been allocated to based on the relative benefit provided to the Organization.

(l) Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents in excess of federally insured limits. The Organization places its cash with high quality institutions to minimize the risks.

(m) Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

IDIGNITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(2) Summary of Significant Accounting Policies, Continued

(n) Subsequent Events

The Organization has performed an evaluation of subsequent events through November 22, 2024, which is the date the financial statements were available to be issued.

(3) Grants and Accounts Receivable

The Organization's receivables are charged to bad debt expense when they are determined to be uncollectible based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance for credit loss method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance for credit loss method. The Organization recorded no bad debt expense for the years ended June 30, 2024 and 2023.

(4) Property and Equipment

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

	<u>2024</u>	<u>2023</u>
Land	\$ 1,407,029	\$ 1,407,028
Furniture and equipment	34,482	19,672
	<u>1,441,511</u>	<u>1,426,700</u>
Less: accumulated depreciation	<u>(10,998)</u>	<u>(5,624)</u>
	1,430,513	1,421,076
Construction in progress	<u>304,087</u>	<u>-</u>
Total property and equipment, net	<u>\$ 1,734,600</u>	<u>\$ 1,421,076</u>

Depreciation expense of \$5,373 was recorded for the year ended June 30, 2024.

(5) Net Assets with Donor Restrictions

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

	<u>2024</u>	<u>2023</u>
Capital campaign	\$ 3,752,853	\$ 1,488,852
Client services	117,755	23,387
Recruitment program	69,860	-
Website improvements	<u>20,000</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 3,960,468</u>	<u>\$ 1,512,239</u>

IDIGNITY, INC.

Notes to Financial Statements

June 30, 2024 and 2023

(6) Capital Campaign

In 2018, the Organization launched a multi-year capital campaign to raise approximately \$13.2 million. The Organization acquired land and plans to construct a building which will house its physical headquarters that will provide a foundation both for their current services as well as expansion in the future.

(7) Liquidity

Financial assets available for general expenditure within one year are \$483,282 and \$680,342 as of June 30, 2024 and 2023, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. As part of its liquidity management, the Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which would be approximately \$370,000 and \$360,000 as of June 30, 2024 and 2023, respectively. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization does not have a line of credit available to assist with liquidity management.