THE E&A CFO GROUP
Eckelkamp & Associates, CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Humanitri

We have audited the accompanying financial statements of Humanitri (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and change in net assets, and cash flow 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 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 from 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 Humanitri as of December 31, 2017 and 2016, 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.

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Other Matter

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

Schellkamp & Associates

St. Louis, MO

June 20, 2018

Humanitri
Statements of Financial Position
As of December 31,

Assets	2017			2016
	Unrestricted	Restricted	Total	
Current Assets:				
Cash and cash equivalents	$ 267,403	$ 20,950	$ 288,353	$ 319,801
Investments	1,098		1,098	934
Grants receivable	-	128,928	128,928	128,928
Government receivables	7,638		7,638	16,441
Other current assets	12,296		12,296	11,893
Total Current Assets	288,435	149,878	438,313	477,997
Property & Equipment, net	223,789		223,789	244,296
Organizational Costs	81,978		81,978	81,978
Beneficial Interest in Perpetual Trust		692,889	692,889	603,538
Total Assets	**$ 594,202**	**$ 842,767**	**$ 1,436,969**	**$ 1,407,809**
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued expenses	$ 27,577		$ 27,577	$ 19,312
Client deposits		5,950	5,950	52,677
Deferred revenue	-		-	22,500
Current portion of notes payable	14,297		14,297	14,289
Total Current Liabilities	41,874	5,950	47,824	108,778
Long-term Liabilities:				
Notes payable	239,119		239,119	253,416
Total Liabilities	280,993	5,950	286,943	362,194
Net Assets:				
Unrestricted	313,209		313,209	280,671
Temporarily restricted		143,928	143,928	161,406
Permanently restricted		692,889	692,889	603,538
Total Net Assets	313,209	836,817	1,150,026	1,045,615
Total Liabilities and Net Assets	**$ 594,202**	**$ 842,767**	**$ 1,436,969**	**$ 1,407,809**

See independent auditor's report and notes to the financial statements.

Humanitri
Statements of Activities and Change in Net Assets
For the Years Ended December 31,

	2017			2016
	Unrestricted	**Restricted**	**Total**	
Change in Net Assets				
Support and Revenue:				
Contributions:				
Individuals, businesses and churches	$ 212,482	$ -	$ 212,482	$ 170,197
In-kind	4,141	-	4,141	3,643
United Way		128,928	128,928	128,928
Fees and Grants:				
Non-governmental	91,825	15,000	106,825	230,617
Governmental	167,198	-	167,198	183,211
Program Fees	67,332	-	67,332	92,001
Event Revenue, net	17,641	-	17,641	-
Investment Gains (Losses)	111,783	-	111,783	42,396
Gain on Sale of Real Estate	97,485	-	97,485	35,735
Other Income	4,025	-	4,025	3,215
Total Support and Revenue	773,912	143,928	917,840	889,943
Net Assets Released from Restrictions	72,055	(72,055)	-	-
Expenses:				
Program	623,205	-	623,205	580,167
Administrative	110,435	-	110,435	76,352
Fund-raising	79,789	-	79,789	126,327
Impairment of organizational costs	-	-	-	20,495
Total Expenses	813,429	-	813,429	803,341
Change in Net Assets	**32,538**	**71,873**	**104,411**	**86,602**
Net Assets at Beginning of Year	280,671	764,944	1,045,615	959,013
Net Assets at End of Year	**$ 313,209**	**$ 836,817**	**$ 1,150,026**	**$ 1,045,615**

See independent auditor's report and notes to the financial statements.

Humanitri
Statements of Cash Flow
For the Years Ended December 31,

	2017	2016
Cash Flow From Operating Activities:		
Increase (decrease) in net assets:	$ 104,411	$ 86,602
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,723	10,802
Decrease (increase) in:		
Grants receivable	-	19,127
Government receivables	8,803	19,520
Other current assets	(403)	(7,759)
Increase (decrease) in:		
Accounts payable and accrued expenses	8,265	(10,758)
Deferred revenue	(22,500)	(1,167)
Client deposits	(46,727)	(3,560)
Gain on sale of properties	(97,485)	(35,735)
Impairment of organzational costs	-	20,495
Unrealized net (gains) losses on perpetual trust and investments	(94,624)	(28,341)
Net cash provided by operating activities	(127,537)	69,226
Cash Flows From Investing Activities:		
Purchase of capitalized assets	(1,478)	(14,049)
Sale of real estate	103,539	44,484
Trade of real estate	3,208	-
Realized earnings on investments reinvested	(113)	(30)
Distributions in excess of realized earnings in perpetual trust	5,222	5,314
Net cash provided by investing activities	110,378	35,719
Cash Flows From Financing Activities (net):		
Repayment of term loan	(14,289)	(13,679)
Net cash provided by financing activities	(14,289)	(13,679)
Net Increase (Decrease) in Cash and Cash Equivalents	**(31,448)**	**91,266**
Cash and Cash Equivalents at Beginning of Year	319,801	228,535
Cash and Cash Equivalents at End of Year	**$ 288,353**	**$ 319,801**

See independent auditor's report and notes to the financial statements.

Humanitri
Statements of Functional Expenses
For the Years Ended December 31,
(Unaudited)

	2017			
	Program Services	*Administration*	*Fund-raising*	*Total*
Labor costs	$ 355,282	$ 40,124	$ 60,006	$ 455,412
Professional fees	25,556	15,996	8,633	50,185
Office expenses	24,353	12,880	3,734	40,967
Occupancy	6,958	10,150	1,778	18,886
Equipment maintenance and rental	9,606	5,087	359	15,052
Travel, conferences and meetings	2,250	5,052	-	7,302
Direct assistance and housing costs	159,465	-	-	159,465
Insurance	23,196	2,428	-	25,624
Depreciation	7,156	4,843	724	12,723
Miscellaneous & interest	9,383	13,875	4,555	27,813
	$ 623,205	$ 110,435	$ 79,789	$ 813,429
Percentage of Total	76.61%	13.58%	9.81%	100.00%

	2016			
	Program Services	*Administration*	*Fund-raising*	*Total*
Labor costs	$ 355,874	$ 31,851	$ 102,759	$ 490,484
Professional fees	28,941	10,361	11,395	50,697
Office expenses	24,521	10,695	1,421	36,637
Occupancy	18,662	3,143	810	22,615
Equipment maintenance and rental	8,534	3,755	573	12,862
Travel, conferences and meetings	2,131	1,542	237	3,910
Direct assistance and housing costs	103,797	-	-	103,797
Insurance	20,147	704	-	20,851
Depreciation	4,537	4,949	1,316	10,802
Miscellaneous & interest	13,023	9,352	7,816	30,191
	$ 580,167	$ 76,352	$ 126,327	$ 782,846
Percentage of Total	74.11%	9.75%	16.14%	100.00%

Humanitri
Notes to Financial Statements

Note A – Summary of Significant Accounting Policies:

1. **Organization**

   Humanitri was originally established by three separate Lutheran non-profit entities. Until late 2006, it operated as Good Samaritan Service Center for the Homeless, Inc. (GS), Lutheran Ministries Association and Friends of Mom. In 2006, the members adopted and amended Humanitri's Articles of Incorporation.

   In 2006, these three entities combined into GS without compensation to any party and changed its name to Humanitri. The new organization retains GS's tax identity. Humanitri provides jail chaplaincy and homeless family services. It is supported primarily through donor contributions, grants, and the United Way.

2. **Basis of Presentation**

   Humanitri uses the accrual basis of accounting and generally accepted accounting principles (GAAP) of the United States. Humanitri reports current year information regarding its financial position and activities using three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Prior year data is condensed.

3. **Cash and Cash Equivalents**

   Humanitri considers investment instruments available for current use with a maturity of three months or less to be cash equivalents.

4. **Investments**

   Investments are reported at fair value based on readily available public market prices (a level 1 valuation) in the statement of financial position. Gains and losses on sales of investments are generally determined on a specific cost identification basis. Unrealized gains and losses are determined based on year-end fair value fluctuations and are included in the change in net assets. Investment revenues are reported net of related expenses. Investment expenses for 2017 and 2016 were not material.

5. **Accounts & Grants Receivable**

   Substantially all accounts and grants receivable are due in cash from general obligation funds of governmental entities or well established organizations in the community. Based on its experience and past performance, management considers them fully collectible, and no allowance for doubtful accounts exists at December 31, 2017, or December 31, 2016.

6. **Property and Equipment**

   Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Humanitri capitalizes individual purchases of $1,000 or more. Humanitri depreciates furniture, equipment, leasehold improvements and vehicles on a straight-line basis over an estimated useful life of five to ten years. Computer equipment and software is depreciated straight-line over a life of three years. Program-related real estate is depreciated on a straight-line basis over an estimated useful life of 20 years. Administrative real property is depreciated over 40 years.

   Certain properties are held for sale. These properties are recorded at cost which is deemed to be lower than market.

7. **Revenue Recognition**

Unconditional promises to give in future periods are recognized as revenues in the period the promises are received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as revenue when the conditions upon which they depend are substantially met. Promises to give are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off balances it deems will not be collected. Other than the trust described later in this Footnote A, no such unconditional gifts were known to exist as of December 31, 2017 or 2016.

8. **Restricted and Unrestricted Revenues and Public Support**

Humanitri reports gifts of cash and other assets as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of donor restriction. When a donor restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Humanitri reports donor restricted contributions (and investment income and gains thereon) meeting donor imposed restrictions in the same period as unrestricted support. Grantor restricted grants funded via reimbursements for funds already expended by Humanitri are treated as temporarily restricted and transferred to unrestricted revenue in the same period as received.

9. **Donated Goods and Services**

Volunteers donate time to Humanitri for fund-raising and other functions. Humanitri also receives sporadic contributions of miscellaneous property. Volunteer services historically have not been tracked and quantified but are believed to be immaterial to the financial statements taken as a whole. Humanitri tracks donated goods and professional fees and they are included in the 2017 and 2016 results as in-kind donations. For 2017, $4,141 was recorded as in-kind donations of additional program expenses. In 2016, the total of in-kind donations of $3,643 were recorded as in-kind donations of which $2,718 was additional program expenses and $925 was professional fees.

10. **Expense Allocation**

Expenses are charged to program services and supporting activities on the basis of periodic time and expense analysis. Management and general expenses include expenses that are not directly identifiable with other specific functions and/or provide for the overall support of Humanitri. Where a grant specifically identifies certain activities that would otherwise be considered part of management and general expenses to be funded as part of program service delivery, those expenses billed to and paid by the grantor are treated as program service expense. The Statements of Functional Expenses are hereby incorporated by reference. While the components of expense are audited directly, the allocation process is one of management's professional judgments.

Humanitri's transition from government to private funding, taking effect June 2017, required increased allocations to fund development in 2016. The percentage change in fundraising costs reflects time allocations of the Executive Director, and related costs, in preparing grant applications and cultivating individual and church contributors.

11. **Income Taxes**

Humanitri is an organization described in Internal Revenue Code Section 501(c)(3), and therefore, its related function income is exempt from taxation under the provisions of Internal Revenue Code Section 501(a). Accordingly, no tax expense or benefit is recognized.

Tax returns for 2014 through 2017 are still open and subject to examination by the taxing authorities.

12. **Use of Estimates in Financial Statements**

Preparing financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

13. **Beneficial Interest in Perpetual Trust**

The beneficial interest in a perpetual trust consists of an unconditional promise to give funds annually to Humanitri from a perpetual trust created by an independent donor which is not in the possession or control of Humanitri. The trust is held and administered by independent trustees. Humanitri, along with three other unrelated not-for-profit organizations, is a beneficiary of this trust. The trust's principal is not available to Humanitri. Humanitri only receives income from this trust, which is included in "Investment Gains & Other Income" on the Statement of Activities. The trust is required to pay out approximately 5% of its market value annually.

Therefore, Humanitri receives the greater of 5% of assets or the income earned by the trust annually. Humanitri recorded the promise to give at the present value of the expected future cash flows from the trust. This present value is equivalent to Humanitri's share of the trust's current fair value based on readily obtainable market values (a Level 1 value), which was $692,889 at December 31, 2017, and $603,538 at December 31, 2016. Unrealized gains and losses changing the value of the trust are reflected in investment income.

For December 31, 2017, and 2016, Humanitri's share of the change of the fair value of the trust was an increase of $94,572 and $23,027, respectively. Humanitri's share of fees paid by the Trust is recorded in other expenses. Fees recorded in 2017 and 2016 were $8,439 and $7,060, respectively.

Note B - Temporarily and Permanently Restricted Net Assets:

Both temporarily restricted and permanently restricted assets are reflected as restricted on the Statement of Financial Position. Temporarily restricted assets at December 31, 2017, and 2016, are the United Way allocation for subsequent years and remaining portions of grants not yet expended. The beneficial interest in a perpetual trust is permanently restricted.

Note C - Leases:

Humanitri has a 60-month copier lease that started February 5, 2015. No other material, long-term leased property existed at December 31, 2017 or December 31, 2016. Minimum monthly rent is $416. As of December 31, 2017, Humanitri has 25 remaining lease payments that total $10,400.

2018	4,992
2019	4,992
2020	416
Total	$10,400

This disclosure pertains to long-term leases, which is defined as anything with a remaining term over twelve months, and does not include certain property leases entered into for client use.

Note D – Merger Accounting:

The merger occurred in 2006. Assets and liabilities of the other entities were added to Humanitri at the net book value on that date. The difference between assets and liabilities was added to net assets. No costs, contributions, or grants were recognized in the combination. Organization costs of $102,473 directly associated with consummating the combination, such as legal fees, have been capitalized as an intangible asset. When permanent impairment occurs in the value of those assets, theses costs will be written down to their then current value. Due to organizational and program changes, management believed 20% of the original value of the intangible asset derived from creating Humanitri had been impaired and was written-off in 2016. The loss of $20,495 is reported on the Statement of Activities and Change in Net Assets as Impairment of Organizational Costs. This decrease is a result of the decrease of governmental granting revenue that existed at merger but is no longer a major source of funding.

Note E – United Way Award:

United Way unconditionally awarded Humanitri $128,928 in December, 2017 and $128,928 in December, 2016, as its subsequent year's allocation. These amounts are reflected as temporarily restricted income at December 31, 2017, and 2016, respectively.

Note F – Restricted Cash:

Humanitri maintains a separate savings account for client funds. Funds may be withdrawn only with the permission of the client or when program fees are due to Humanitri under written agreements. The balance of these funds and the aggregate amount of client funds held by Humanitri is $5,950 at December 31, 2017, and $52,677 at December 31, 2016. In addition, $15,000 at December 31, 2017 and $54,978 at December 31, 2016 has been received from granting agencies but is considered temporarily restricted because funds have not yet been expended and are restricted in use by the grant terms. Of this amount, $22,500 at December 31, 2016 was not yet recognized and was recorded as deferred income. No amount was deferred at December 31, 2017.

Note G – Concentrations :

Over time, revenue provided by federal grants decreased significantly. Management plans to continue reducing their reliance on federal grants. However, the decline has slowed over the past year. The organization has focused more on private benefactors, grantors or contributors. It is typical to consider it reasonably possible that benefactors, grantors, or contributors might be lost in the immediate term; however, there is no indication of that occurring in the short term.

For 2017, without the non-realized market gains and non-recurring sale of real estate, Humanitri would have had a negative change in net assets.

Humanitri's market is concentrated in the St. Louis Metropolitan geographical area.

<u>Credit Risk</u>
At December 31, 2017, approximately half and, at December 31, 2016, substantially all, of Humanitri's cash was maintained at a single bank in St. Louis. Humanitri periodically considers the financial condition of its depository bank. Management believes the risk of loss from the concentration of bank deposits is extremely low. In addition, $692,889 of its assets at December 31, 2017, and $603,538 of its assets at December 31, 2016, are held in a trust administrated by the same bank.

Note H – Property and Equipment:

Humanitri's fixed assets at December 31, 2017, and 2016, are comprised of the following:

	2017	2016
Furniture and equipment	$ 29,841	$109,066
Administrative office building	240,202	240,202
Housing for use of clients	193,139	247,132
Vehicles	2,000	2,000
Sub-total	$465,182	$598,400
Less: Accumulated depreciation	(271,054)	(389,316)
Sub-total	$194,128	$209,084
Housing inventory – land	29,661	35,212
Total fixed assets	$223,789	$244,296
Total depreciation expense	$12,723	$10,802

For 2017, management reviewed the current holding of fixed assets and wrote off fully-depreciated assets no longer in use in the amount of $79,225. No gain or loss occurred.

Note I - Pension Plan:

Humanitri provides a Savings Incentives Match Plan for Employees (SIMPLE) IRA, allowing employees to voluntarily contribute a portion of their salary pre-tax to the plan. In addition to their contributions, Humanitri contributes a "match" equal to 100% of the amount contributed, up to a maximum of 3% of the employees' annual salary before taxes. Total pension expense for 2017 and 2016 was $10,779 and $10,642, respectively.

Note J – Debt:

Humanitri's 15-year term loan is secured by two buildings in North St. Louis with a principal balance of $282,497. The current interest rate is 4.375% but may change each November based on the lender's cost of funds plus up to 3 percentage points.

Twelve payments were made in 2017 for a total of $25,717, of which $11,428 was interest. Twelve payments were made in 2016 for a total of $25, 717, of which $12,038 was interest.

Future minimum payments on the permanent loan based on the interest rate in effect at December 31, 2017 are as follows:

2018	$ 25,717
2019	25,717
2020	25,717
2021	25,717
2022	25,717
Thereafter	203,592
Total	$332,177

Note K – Contingencies:

In the normal course of operations, Humanitri is subject to legal proceedings and other claims. Such matters are subject to many uncertainties and outcomes are not predictable with assurance. None of these items are expected to materially impact these financial statements.

Note L – Subsequent Events:

In preparing these financial statements, Humanitri has evaluated events and transactions for potential recognition or disclosure through June 20, 2018, the date the financial statements were available to be issued.

THE E&A CFO GROUP
Eckelkamp & Associates, CPAs

Humanitri

Board of Directors

In planning and performing our audit of the financial statements of Humanitri as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered Humanitri's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Humanitri's internal control. Accordingly, we do not express an opinion on the effectiveness of Humanitri's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Humanitri's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

One item worth bringing to management's attention that did not rise to the level of a significant deficiency relates to the US Bank credit card. Approximately $55,000 of expenses were paid by credit card in 2017. When reviewing the credit card activity, not all expenses were supported by invoices and, appeared to be reviewed and approved by only the executive director. We suggest management further define how credit cards are used and what support to require to support charges. No misuse was observed or suspected.

This communication is intended solely for the information and use of management of Humanitri, and others within Humanitri, and is not intended to be, and should not be, used by anyone other than these specified parties.

Eckelkamp & Associates

Eckelkamp & Associates CPAs

St. Louis, MO

June 20, 2018