



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, 2020 and 2019, and the related statements of activities and change in net assets, cash flow, and functional expenses for the years 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 Humanitri as of December 31, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States. Our responsibilities under those standards are described in Auditor's Responsibilities for the Audit of Financial Statements below. We are required to be independent of Humanitri and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe 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, and for 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 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 generally accepted auditing standards 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, misrepresentation, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Humanitri's internal control. Accordingly, no such opinion is expressed.

Let us help keep what you reap!

- 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 Humanitri'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 and have done so.

Echulhamp & Associates

St. Louis, MO

June 10, 2021

Humanitri
Statements of Financial Position
As of December 31,

Assets	2020	2019
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 145,418	\$ 220,882
Short-term Investments	700,019	2,712
Government grants receivables	-	649,696
Grants receivable	131,667	121,877
Note receivable	146,867	-
Other current assets	9,701	10,052
Total Current Assets	1,133,672	1,005,219
Property & Equipment, net	671,067	844,555
Organizational Costs	10,000	65,582
Beneficial Interest in Perpetual Trust	726,259	694,597
Total Assets	\$ 2,540,998	\$ 2,609,953
 Liabilities and Net Assets 		
<u>Current Liabilities:</u>		
Accounts payable and accrued expenses	\$ 17,782	\$ 20,371
Client deposits	14,371	17,484
Deferred revenue	-	26,094
Current portion of notes payable	-	664,547
PPP loan	64,100	-
Total Current Liabilities	96,253	728,496
<u>Long-term Liabilities:</u>		
Notes payable	-	208,430
Total Liabilities	96,253	936,926
<u>Net Assets:</u>		
Without donor restrictions	1,586,819	856,553
With donor restrictions	857,926	816,474
Total Net Assets	2,444,745	1,673,027
Total Liabilities and Net Assets	\$ 2,540,998	\$ 2,609,953

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,

	<u>2020</u>			<u>2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
<u>Support and Revenue:</u>				
<u>Contributions:</u>				
Individuals, businesses and churches	\$ 994,000	\$ -	\$ 994,000	\$ 170,793
In-kind	10,804	-	10,804	33,700
United Way	10,000	131,667	141,667	121,878
<u>Fees and Grants:</u>				
Non-governmental	76,969	-	76,969	44,471
Governmental	65,710	-	65,710	381,893
Program Fees	3,173	-	3,173	-
Event Revenue, net	8,307	-	8,307	2,359
Investment Income	91,090	31,662	122,752	117,993
Gain (Loss) on Sale of Real Estate	(18,314)	-	(18,314)	16,014
Other Income	2,922	-	2,922	24,967
	<u>1,244,661</u>	<u>163,329</u>	<u>1,407,990</u>	<u>914,068</u>
<u>Net Assets Released from Restrictions</u>				
Satisfaction of program restrictions	-	-	-	-
Expiration of time restrictions	121,877	(121,877)	-	-
Total Released	<u>121,877</u>	<u>(121,877)</u>	<u>-</u>	<u>-</u>
<u>Expenses:</u>				
Program	385,376	-	385,376	449,934
Administrative	133,562	-	133,562	65,570
Fund-raising	61,752	-	61,752	42,172
Impairment of organizational costs	55,582	-	55,582	16,396
Total Expenses	<u>636,272</u>	<u>-</u>	<u>636,272</u>	<u>574,072</u>
Change in Net Assets	730,266	41,452	771,718	339,996
Net Assets at Beginning of Year	<u>856,553</u>	<u>816,474</u>	<u>1,673,027</u>	<u>1,333,031</u>
Net Assets at End of Year	<u>\$ 1,586,819</u>	<u>\$ 857,926</u>	<u>\$ 2,444,745</u>	<u>\$ 1,673,027</u>

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

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

	2020	2019
Cash Flow From Operating Activities:		
Increase (decrease) in net assets:	\$ 771,718	\$ 339,996
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	20,703	17,735
Decrease (increase) in:		
Grants receivable	(9,790)	16,710
Government receivables	649,696	(381,893)
Note receivable	(146,867)	-
Other current assets	351	241
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,589)	(105,826)
Deferred revenue	(26,094)	9,408
Client deposits	(3,113)	14,556
(Gain) loss on sale of properties	18,329	(16,014)
Unrealized net (gains) losses on perpetual trust and investments	(106,432)	(107,587)
Impairment of organizational costs	55,582	16,396
Other	3,163	1
Net cash provided by operating activities	1,224,657	(196,277)
Cash Flows From Investing Activities:		
Purchase of investments	(645,001)	-
Purchase of capitalized assets	(20,193)	(417,893)
Sale of real estate	154,649	52,660
Trade of real estate	-	1,176
Realized earnings on investments reinvested	(4,312)	(1,297)
Distributions in excess of realized earnings in perpetual trust	23,613	6,315
Net cash provided by investing activities	(491,244)	(359,039)
Cash Flows From Financing Activities (net):		
PPP Loan proceeds	64,100	-
Funding provided by LOC for FHLB loan	-	492,234
Pay-off of LOC for FHLB loan	(664,547)	-
Pay-off of mortgage	(208,430)	-
Repayment of term loan	-	(14,953)
Net cash provided by financing activities	(808,877)	477,281
Net Increase (Decrease) in Cash and Cash Equivalents	(75,464)	(78,035)
Cash and Cash Equivalents at Beginning of Year	220,882	298,917
Cash and Cash Equivalents at End of Year	\$ 145,418	\$ 220,882

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

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

	2020			
	<u>Program Services</u>	<u>Administration</u>	<u>Fund- raising</u>	<u>Total</u>
Labor costs	\$ 214,598	\$ 81,368	\$ 50,840	\$ 346,806
Professional fees	11,304	24,541	4,103	39,948
Office expenses	14,851	5,631	3,518	24,000
Occupancy	7,715	2,925	1,827	12,467
Equipment maintenance and rental	2,342	888	555	3,785
Travel, conferences and meetings	1,206	2,671	475	4,352
Direct assistance and housing costs	92,951	-	-	92,951
Insurance	14,773	3,740	-	18,513
Depreciation	17,476	2,793	434	20,703
Miscellaneous & interest	8,160	9,005	-	17,165
	<u>\$ 385,376</u>	<u>\$ 133,562</u>	<u>\$ 61,752</u>	<u>\$ 580,690</u>
Percentage of Total	66.4%	23.0%	10.6%	100.0%
	2019			
	<u>Program Services</u>	<u>Administration</u>	<u>Fund- raising</u>	<u>Total</u>
Labor costs	\$ 278,020	\$ 13,460	\$ 30,706	\$ 322,186
Professional fees	20,944	10,013	1,574	32,531
Office expenses	12,243	13,021	3,751	29,015
Occupancy	8,414	408	929	9,751
Equipment maintenance and rental	5,495	1,568	1,130	8,193
Travel, conferences and meetings	2,990	2,458	688	6,136
Direct assistance and housing costs	81,753	-	-	81,753
Insurance	19,392	3,357	-	22,749
Depreciation	7,553	6,788	3,394	17,735
Miscellaneous & interest	13,130	14,497	-	27,627
	<u>\$ 449,934</u>	<u>\$ 65,570</u>	<u>\$ 42,172</u>	<u>\$ 557,676</u>
Percentage of Total	80.7%	11.8%	7.6%	100.0%

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

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. Also, in 2006, these three entities combined into GS and changed its name to Humanitri. Humanitri provides homeless family services. It is supported primarily through donor contributions, grants, and the United Way.

2. Basis of Presentation & Liquidity

Humanitri uses the accrual basis of accounting and generally accepted accounting principles (GAAP) of the United States.

The Statement of Financial Position items are presented in the order of the most near to conversion to cash to the least conversion to cash. Management believes Humanitri's liquidity is adequate for the coming year based on the level of liquid assets of \$845,437.

In 2019, Humanitri adopted ASU 2018-08, Contributions Received and Made Clarification, which addresses segregating reciprocal (exchange) transactions from nonreciprocal transactions. Although implemented, no material reciprocal (exchange) transactions were identified in either 2019 or 2020.

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

All 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 related to beneficial interest in a perpetual trust are reported net of related expenses. Investment expenses on other investments are recorded as miscellaneous expense.

5. Accounts & Grants Receivable

Substantially all 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 as of December 31, 2020 or December 31, 2019.

The government receivable as of December 31, 2019, was due from a single program and was received in 2020.

The note receivable is recorded at amortized cost and interest is accrued. If the note is ninety days or more past due, it will be placed on non-accrual status and collectability will be reviewed periodically.

6. Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value, if donated. Prior to March, 2020, Humanitri capitalized individual purchases of \$1,000 or more. Subsequent to March, 2020 that amount increased to \$2,000 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.

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 unconditional promises are recorded as of December 31, 2020 or 2019.

8. Restricted and Unrestricted Revenues and Public Support

Humanitri reports gifts of cash and other assets as with donor restrictions or without donor restrictions as specified in ASU 2016-14. When a donor restriction is satisfied, donor 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.

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 they are included in the 2020 and 2019 results as in-kind donations at fair market value. For 2020, \$10,804 was recorded as in-kind donations. Of this amount \$804 was recorded as additional program expenses and \$10,000 as professional expenses. For 2019, \$23,589 was recorded as in-kind donations of additional program expenses.

Stock was donated and sold in June 2019 for \$10,111 and the receipts of the sale were recorded as an in-kind donation.

10. Expense Allocation

Expenses are charged to program services and supporting activities on the basis of periodic time and expense analysis and other management estimates. 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 and are audited for the reasonableness of those judgements.

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.

Informational tax filings for 2017 through 2020 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 single 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 holdings' current fair value based on readily obtainable market values (a Level 1 value), which was \$726,259 at December 31, 2020, and \$694,597 at December 31, 2019. Unrealized gains and losses changing the value of the trust are reflected in investment income as is the cash receipts of the Trust paid quarterly. Actual receipts from the Trust equaled \$28,761 in 2020 and \$14,766 in 2019.

For December 31, 2020, and 2019, Humanitri's share of the change of the fair value of the trust was an increase of \$55,275 in 2020 and an increase of \$107,287 in 2019. Humanitri's share of fees paid by the Trust is recorded as a reduction of Investment Income. Fees recorded in 2020 and 2019 were \$8,981 and \$10,132, respectively.

Note B - Leases:

A long-term lease is defined as a lease with a remaining term over twelve months, and does not include certain short-term property leases entered into for client use. Management believes a schedule of future minimum rental payments is unnecessary due to the immaterial amounts involved.

Humanitri entered into a one-year property lease for its main office space on February 15, 2020, with a one-year tenant option to extend. The lease is \$1,000/month. In 2020, Humanitri paid \$10,517 of rent (February, 2020 was pro-rated). Remaining rent due under initial terms are \$2,000. The lease was extended in 2021 but the landlord agreed to waive the increase so, remaining rent due for 2021 is \$12,000 and \$2,000 for 2022.

Humanitri's prior 60-month copier lease expired in 2020. A new lease was initiated on February 3, 2020, for an additional 60-month term starting March 1, 2020. Minimum monthly rent is \$128. As of December 31, 2020, Humanitri's sole longer term lease had 50 remaining lease payments totaling \$6,413. \$1,539 annually in 2021-2024 and \$257 in 2025.

Note C – 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. 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, these costs are written down to their then current value. Due to significant organizational and program changes, management reduced the carrying value in prior years to \$65,582. In 2020, the Board determined the remaining value of this assets was \$10,000 and an additional \$55,582 of impairment was recognized. The decrease s are a result of a decrease of governmental granting revenue from that which existed at merger, as well as other organizational changes. Relationships that facilitated the merger, and the costs required to create a similar organization supports the remaining balance.

Note D – Concentrations :

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

A single, one-time special use Federal government grant for the rehabilitation of a four family residence comprised 43% of revenue in 2019 and 84% of receivables at December 31, 2019. This grant had no impact on 2020.

A single, \$800,000 non-restrictive bequest from an individual was received in 2020.

Credit Risk

At December 31, 2020 and 2019, approximately \$138,292 and \$86,432, respectively, of Humanitri's cash was maintained at a FDIC-insured financial institutions. In addition to the normal FDIC insurance protection, Humanitri periodically considers the financial condition of the depository banks and its exposure to those institutions. Management believes the risk of loss from the concentration of bank deposits is extremely low.

Similarly, the grant receivable of \$131,667 and not receivable of \$146,867 as of December 31, 2020 are from the United Way and a single individual, respectively.

Note E – Notes Receivable

Humanitri financed the sale of the administrative property on March 18, 2020. The related one-year mortgage was \$148,500. Interest is five percent per annum. The note is secured by the sold property. The note called for eleven monthly installments commencing on April 1, 2020, with a final balloon payment on March 1, 2021. All payments in 2020 were made and interest earned was \$5,542. Interest income is included in Investment Income.

In 2021, the borrower encountered financial difficulties and was unable to make the final payment. Monthly payments are being made and management believes the full balance will be collected. No allowance for doubtful accounts has been established.

Note F – Investments

In 2020, Humanitri established a new investment account comprised of equities, fixed income, real and other assets. Over 99% of investment assets are held and managed by a large national investment management company. A smaller amount is held with a religious investment entity.

The cost and market values of these securities at December 31, 2020 are:

	Market Value	Cost	Net Unrealized Gain/(Loss)
Equity	\$414,386	\$365,846	\$48,540
Fixed Income	245,069	245,223	(154)
Commodities	33,058	33,449	(391)
Other	7,506	7,508	(2)
Total	\$700,019	\$652,026	\$47,993

Unrealized gains and losses were \$54,189 and \$6,196, respectively for a net unrealized gain amount of \$47,993. This gain is recorded in investment income. Realized gains in 2020 were \$772.

Note G – Property and Equipment:

Humanitri’s fixed assets at December 31, 2020, and 2019, are:

	2020	2019
Furniture and equipment	\$6,552	\$38,393
Administrative office building	0	\$240,202
Housing for use of clients	\$819,831	\$801,116
Sub-total	\$826,383	\$1,079,711
Less: Accumulated depreciation	(155,316)	(235,156)
Total fixed assets	\$671,067	\$844,555
Total depreciation expense	\$20,703	\$17,735

Humanitri sold the administrative office building in 2020 along with substantially all of its contents, at a loss of \$18,314. Humanitri financed the purchase in an arm’s length transaction as described in Note E. Replacement furniture and fixtures were under the capitalization policy and were expenses.

Note H - 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 2020 and 2019 was \$4,834 and \$4,104, respectively.

Note I – Debt:

In 2020, Humanitri obtained a small business administration paycheck protection program loan for \$64,100. No payments were required in 2020. Forgiveness was requested in 2021 and substantially all of the balance is expected to be forgiven. If the loan is not entirely forgiven, a 1% interest rate will accrue from the date of loan disbursement (May 4, 2020) and it will have a term of two years.

Other than the PPP loan above, Humanitri repaid all debt in 2020 and cancelled the notes. In 2019, Humanitri’s 15-year term loan was secured by two buildings in North St. Louis with a principal balance of \$223,586. Twelve payments were made in 2019 for a total of \$25,717, of which \$10,764 was interest. Payments made in 2020 totaled \$226,296 of which \$2,710 was interest.

Humanitri received a line of credit of up to \$649,696 exclusively for funding construction and renovation of a four family home. Construction was complete in 2019 and the line was paid in full in 2020 with grant proceeds. Humanitri paid interest on the balance at a rate of 4.875%. Total 2019 payments were \$21,712, all interest, and \$9,421 of interest was reimbursed to Humanitri as part of the grant proceeds. The net interest was \$12,291. Interest paid in 2020 was \$6,577.

Note J – 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 is expected to materially impact these financial statements.

Note K – Subsequent Events:

In preparing these financial statements, Humanitri has evaluated events and transactions for potential recognition or disclosure through June 10, 2020, the date the financial statements were available to be issued. No adverse subsequent events requiring disclosure existed.