



# 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, 2021 and 2020, 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, 2021 and 2020, 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.

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 Humanitri's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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.

Let us help keep what you reap!

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.
- 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.

A handwritten signature in black ink that reads "Eshelkamp Associates". The signature is written in a cursive, flowing style.

St. Louis, MO

June 27, 2022

**Humanitri**  
**Statements of Financial Position**  
**As of December 31,**

<b>Assets</b>	<b>2021</b>	<b>2020</b>
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 181,093	\$ 145,418
Short-term Investments	784,449	700,019
Grants receivable	142,568	131,667
Note receivable	-	146,867
Other current assets	9,600	9,701
Total Current Assets	1,117,710	1,133,672
Property & Equipment, net	696,719	671,067
Organizational Costs	10,000	10,000
Beneficial Interest in Perpetual Trust	776,614	726,259
<b>Total Assets</b>	<b>\$ 2,601,043</b>	<b>\$ 2,540,998</b>
<b>Liabilities and Net Assets</b>		
<u>Current Liabilities:</u>		
Accounts payable and accrued expenses	\$ 29,388	\$ 17,782
Client deposits	26,797	14,371
PPP loan	-	64,100
Total Current Liabilities	56,185	96,253
Total Liabilities	56,185	96,253
<u>Net Assets:</u>		
Without donor restrictions	1,625,676	1,586,819
With donor restrictions	919,182	857,926
Total Net Assets	2,544,858	2,444,745
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,601,043</b>	<b>\$ 2,540,998</b>

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>2021</u>			<u>2020</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
<u>Support and Revenue:</u>				
Contributions:				
Individuals, businesses and churches	\$ 258,645	\$ -	\$ 258,645	\$ 994,000
In-kind	18,032	-	18,032	10,804
United Way		135,068	135,068	141,667
Fees and Grants:				
Non-governmental	48,150	7,500	55,650	76,969
Governmental	59,448	-	59,448	65,710
Program Fees	3,900	-	3,900	3,173
Event Revenue, net	3,591	-	3,591	8,307
Investment Income	136,185	50,355	186,540	122,752
Gain (Loss) on Sale of Real Estate	-	-	-	(18,314)
Other Income	-	-	-	2,922
	<u>527,951</u>	<u>192,923</u>	<u>720,874</u>	<u>1,407,990</u>
Net Assets Released from Restrictions				
Satisfaction of program restrictions	-	-	-	-
Expiration of time restrictions	131,667	(131,667)	-	-
Total Released	<u>131,667</u>	<u>(131,667)</u>	<u>-</u>	<u>-</u>
<u>Expenses:</u>				
Program	453,674	-	453,674	385,376
Administrative	91,080	-	91,080	133,562
Fund-raising	76,007	-	76,007	61,752
Impairment of organizational costs	-	-	-	55,582
Total Expenses	<u>620,761</u>	<u>-</u>	<u>620,761</u>	<u>636,272</u>
<b>Change in Net Assets</b>	<b>38,857</b>	<b>61,256</b>	<b>100,113</b>	<b>771,718</b>
Net Assets at Beginning of Year	<u>1,586,819</u>	<u>857,926</u>	<u>2,444,745</u>	<u>1,673,027</u>
<b>Net Assets at End of Year</b>	<b><u>\$ 1,625,676</u></b>	<b><u>\$ 919,182</u></b>	<b><u>\$ 2,544,858</u></b>	<b><u>\$ 2,444,745</u></b>

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

	<b>2021</b>	<b>2020</b>
<b>Cash Flow From Operating Activities:</b>		
Increase (decrease) in net assets:	\$ 100,113	\$ 771,718
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,683	20,703
Decrease (increase) in:		
Grants receivable	(10,901)	(9,790)
Government receivables	-	649,696
Note receivable	146,867	(146,867)
Other current assets	101	351
Increase (decrease) in:		
Accounts payable and accrued expenses	11,606	(2,589)
Deferred Revenue	-	(26,094)
Client deposits	12,426	(3,113)
(Gain) loss on sale of properties	-	18,329
Unrealized net (gains) losses on perpetual trust and investments	(88,100)	(106,432)
Impairment of organizational costs	-	55,582
Other	17,280	3,163
Net cash provided by operating activities	208,075	1,224,657
<b>Cash Flows From Investing Activities:</b>		
Net purchase of investments	(31,000)	(645,001)
Purchase of capitalized assets	(44,335)	(20,193)
Sale of real estate	-	154,649
Realized earnings on investments reinvested	(7,392)	(4,312)
Realized gains in investment portfolio	(25,573)	-
Distributions in excess of realized earnings in perpetual trust	-	23,613
Net cash provided by investing activities	(108,300)	(491,244)
<b>Cash Flows From Financing Activities (net):</b>		
PPP Loan proceeds	-	64,100
PPP Loan payback and forgiveness	(64,100)	-
Pay-off of LOC for FHLB loan	-	(664,547)
Pay-off of mortgage	-	(208,430)
Net cash provided by financing activities	(64,100)	(808,877)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>35,675</b>	<b>(75,464)</b>
Cash and Cash Equivalents at Beginning of Year	145,418	220,882
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 181,093</b>	<b>\$ 145,418</b>

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

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

**2021**

	<u><i>Program Services</i></u>	<u><i>Administration</i></u>	<u><i>Fund- raising</i></u>	<u><i>Total</i></u>
Labor costs	\$ 301,805	\$ 48,343	\$ 61,838	\$ 411,986
Professional fees	18,828	19,151	1,982	39,961
Office expenses	-	9,390	10,028	19,418
Occupancy	8,791	1,408	1,801	12,000
Equipment maintenance and rental	1,746	279	358	2,383
Travel, conferences and meetings	6,081	1,217	-	7,298
Direct assistance and housing costs	82,252	-	-	82,252
Insurance	16,188	2,634	-	18,822
Depreciation	17,983	700	-	18,683
Miscellaneous & interest	-	7,958	-	7,958
	<u>\$ 453,674</u>	<u>\$ 91,080</u>	<u>\$ 76,007</u>	<u>\$ 620,761</u>
Percentage of Total	73.1%	14.7%	12.2%	100.0%

**2020**

	<u><i>Program Services</i></u>	<u><i>Administration</i></u>	<u><i>Fund- raising</i></u>	<u><i>Total</i></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%

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 \$181,093.

##### **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 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, 2021 or December 31, 2020.

The note receivable was recorded at amortized cost and interest was accrued. The note was paid off in full with interest in November, 2021.

##### **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. Program-related real estate is depreciated on a straight-line basis over an estimated useful life of 39 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, 2021 or 2020.

## **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 professional services and they are included in the 2021 and 2020 results as in-kind donations at fair market value. For 2021, \$18,032 was recorded as in-kind donations. Of this amount, \$1,782 was recorded as additional program expenses and \$16,250 as professional expenses. For 2020, \$10,804 was recorded as in-kind donations of which \$804 was additional program expense and \$10,000 was professional fees.

## **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 judgments.

## **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 2018 through 2021 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 \$776,614 at December 31, 2021, and \$726,259 at December 31, 2020. 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 \$50,736 in 2021 and \$28,761 in 2020.

For December 31, 2021, and 2020, Humanitri's share of the change of the fair value of the trust was an increase of \$98,922 in 2021 and an increase of \$55,275 in 2020. Humanitri's share of fees paid by the Trust is recorded as a reduction of Investment Income. Fees recorded in 2021 and 2020 were \$9,990 and \$8,891, 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). In February, 2021, the lease was extended for another year. Rent paid in 2021 was \$12,000. Remaining rent due for 2022 is \$2,000.

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, 2021, Humanitri's sole longer term lease had 38 remaining lease payments totaling \$4,874; \$1,539 annually in 2022-2024 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 decreases 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, \$800,000 non-restrictive bequest from an individual was received in 2020 and a living trust donation of \$93,242 was received in 2021.

Credit Risk

At December 31, 2021 and 2020, approximately \$157,197 and \$138,292, 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 grants receivable of \$142,568 as of December 31, 2021 and \$131,677 as of December 31, 2020 is primarily from the United Way.

**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 was 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 property was sold by the borrower and all remaining principal and interest was received. Interest recorded in 2021 was \$5,685.

**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, 2021 are:

	Market Value	Cost	Net Unrealized Gain/(Loss)
Equity	\$440,861	\$348,590	\$92,271
Fixed Income	290,578	294,496	(3,918)
Commodities	39,859	42,225	(2,366)
Other	13,151	13,500	(349)
Total	\$784,449	\$698,811	\$85,638

Unrealized gains and losses were \$92,271 and \$6,633, respectively for a net unrealized gain amount of \$85,638. This net change in unrealized gains is recorded in investment income. Realized gains were \$25,573.

**Note G – Property and Equipment:**

Humanitri's fixed assets at December 31, 2021, and 2020, are:

	2021	2020
Furniture and equipment	\$6,552	\$6,552
Housing for use of clients	\$864,166	\$819,831
Sub-total	\$826,383	\$826,383
Less: Accumulated depreciation	(173,999)	(155,316)
Total fixed assets	\$696,719	\$671,067
Total depreciation expense	\$18,683	\$20,703

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 2021 and 2020 was \$12,217 and \$6,550, respectively.

**Note I – Debt:**

In 2020, Humanitri obtained a Small Business Administration Paycheck Protection Program (PPP) loan for \$64,100. No payments were required in 2020. Forgiveness was requested and \$59,448 was forgiven. A final balance of \$4,652 was paid in August, 2021 along with \$62 of interest. A 1% interest rate accrued from the date of loan disbursement (May 4, 2020) through the payoff date.

Humanitri repaid all other debt in 2020. 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 27, 2022, the date the financial statements were available to be issued. No adverse subsequent events requiring disclosure existed.