

MOBILE AREA INTERFAITH CONFERENCE, INC.

FINANCIAL REPORT

DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mobile Area Interfaith Conference, Inc.
Mobile, Alabama

Report on the Financial Statements

I have audited the accompanying financial statements of Mobile Area Interfaith Conference, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows 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 that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Area Interfaith Conference, Inc. as of December 31, 2018 and 2017, 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.

Kim K. Enikeieff

April 16, 2019

MOBILE AREA INTERFAITH CONFERENCE, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

ASSETS	2018	2017
Current assets		
Cash	\$ 68,124	\$ 30,811
Unconditional promises to give without donor restrictions	7,085	-
Grants receivable	18,832	1,859
Prepaid expenses	6,202	6,234
Total current assets	100,243	38,904
Fixed assets		
Vehicles	5,460	3,810
Furniture, fixtures and equipment	16,728	11,667
Total property, plant and equipment	22,188	15,477
Less accumulated depreciation	12,153	7,507
Property, plant and equipment - net	10,035	7,970
Total assets	\$ 110,278	\$ 46,874
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued expenses	\$ 2,527	\$ 939
Payroll liabilities	3,256	-
Note payable - line of credit	13,000	-
Total current liabilities	18,783	939
Net assets		
Without restrictions	91,495	45,935
With restrictions	-	-
Total net assets	91,495	45,935
Total liabilities and net assets	\$ 110,278	\$ 46,874

See notes to financial statements.

MOBILE AREA INTERFAITH CONFERENCE, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2018 and 2017

	<u>2018</u> Without Donor Restrictions	<u>2017</u> Without Donor Restrictions
Support and revenue		
Special events	\$ 13,000	\$ 29,416
Less cost of special events	5,223	5,752
Net special events	<u>7,777</u>	<u>23,664</u>
Contributions and grants	447,474	230,062
Gain/loss on disposal of vehicle	<u>-</u>	<u>(229)</u>
 Total support and revenue	 <u>455,251</u>	 <u>253,497</u>
 Expenses		
Program services		
Metro Chaplaincy Program	104,472	102,448
The Neighbor Center	<u>269,664</u>	<u>125,781</u>
 Total program expenses	 374,136	 228,229
 Supporting services		
General and administrative	<u>35,555</u>	<u>36,963</u>
 Total expenses	 <u>409,691</u>	 <u>265,192</u>
 Change in net assets	 45,560	 (11,695)
 Net assets, beginning of year	 <u>45,935</u>	 <u>57,630</u>
 Net assets, end of year	 <u>\$ 91,495</u>	 <u>\$ 45,935</u>

See notes to financial statements.

MOBILE AREA INTERFAITH CONFERENCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018 with Comparative Totals for 2017**

	Metro Chaplaincy Program	The Neighbor Center	Total Program Services	Management and General	2018 Total Expenses	2017 Total Expenses
Salaries	\$ 32,200	\$ 18,000	\$ 50,200	\$ 15,483	\$ 65,683	\$ 31,788
Payroll taxes	2,463	1,377	3,840	1,184	5,024	2,515
Employee benefits	-	-	-	-	-	-
Total personnel	34,663	19,377	54,040	16,667	70,707	34,303
Bank charges	19	-	19	137	156	96
Contract labor	54,067	66,995	121,062	10,795	131,857	117,148
Development/evaluation	-	-	-	500	500	-
Direct assistance	-	13,773	13,773	-	13,773	2,298
Dues and subscriptions	-	1,340	1,340	1,535	2,875	2,761
Emergency Shelter Grant expenses	-	-	-	-	-	-
Equipment and supplies	6,752	7,510	14,262	119	14,381	12,892
HMIS expenses	-	-	-	-	-	4,965
Insurance	-	3,641	3,641	1,173	4,814	5,122
Interest	-	216	216	-	216	-
Leasing and utility expenses	-	98,879	98,879	-	98,879	21,631
Legal and accounting	-	-	-	3,000	3,000	2,700
Office expense	2,494	7,515	10,009	888	10,897	9,846
Other	-	483	483	208	691	-
Postage	20	322	342	137	479	432
Relocation expenses	-	3,136	3,136	125	3,261	-
Rent expense	-	21,000	21,000	-	21,000	26,000
Repairs and maintenance	-	205	205	-	205	1,018
Security	-	-	-	-	-	239
Telephone and communications	6,095	8,486	14,581	-	14,581	11,388
Travel	362	6,668	7,030	241	7,271	4,816
Utilities	-	5,472	5,472	30	5,502	4,185
Total expenses before depreciation	104,472	265,018	369,490	35,555	405,045	261,840
Depreciation	-	4,646	4,646	-	4,646	3,352
Total expenses	\$ 104,472	\$ 269,664	\$ 374,136	\$ 35,555	\$ 409,691	\$ 265,192

See notes to financial statements.

MOBILE AREA INTERFAITH CONFERENCE, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 45,560	\$ (11,695)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of vehicle	-	229
Donated vehicle included in contributions	(1,650)	-
Depreciation	4,646	3,352
(Increase) decrease in:		
Unconditional promises to give without donor restrictions	(7,085)	-
Grant receivable	(16,973)	(1,859)
Prepaid expenses	32	(1,490)
Increase (decrease) in:		
Account payable and accrued expenses	1,588	939
Payroll liabilities	3,256	(644)
Net cash provided (used) by operating activities	29,374	(11,168)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from the sale of vehicle	-	500
Purchase of equipment	(5,061)	(3,810)
Net cash used by investing activities	(5,061)	(3,310)
Cash flows from financing activities:		
Proceeds of short-term borrowings	13,000	-
Net cash provided by investing activities	13,000	-
Net increase (decrease) in cash	37,313	(14,478)
Cash, beginning of year	30,811	45,289
Cash, end of year	\$ 68,124	\$ 30,811
Supplemental disclosures:		
Cash paid during the year for interest	\$ 155	\$ -

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Organization

Mobile Area Interfaith Conference, Inc. (the Organization) is a nonprofit corporation that is available to persons of all faiths interested in working collaboratively to improve the lives of the underserved and marginalized.

The Metro Chaplaincy Program was established in 2002 and has a contract with the Mobile County Sheriff's Office. The program's complex in Metro Jail includes a chapel and classroom for inmates. The Organization's Chaplain and staff administrator are responsible for coordinating pastoral, religious and educational services. Support is provided by 39 congregations and 150 volunteers. Pre-release services include GED classes by Goodwill Easterseals, Celebrate Recovery and Fatherhood Initiative.

The Neighbor Center is a community-based reentry services for returning neighbors. This program is available to former inmates from local, state and federal facilities. Case managers and volunteers provide services and support. Assistance helps secure housing, employment, education, job training, transportation, health care, treatment for mental health and addictions, legal services and address other needs and barriers. Individual service goals are focused on financial stability that supports self-sufficiency thereby preventing reincarceration.

The Organization's mission is to empower the marginalized and build bridges in our community through advocacy, education, and service.

The Organization is directed by an active Board of Directors whose members serve without compensation.

Summary of Significant Accounting Policies

Method of accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

Financial Statement Presentation

The organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Cash

The Organization maintains its cash in a local bank. Accounts at the bank are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Summary of Significant Accounting Policies (continued)

Property and equipment

Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Property and equipment are depreciated over estimated useful lives using the straight-line method of depreciation. The Organization's policy is to capitalize capital acquisitions costing \$1,000 or more. Depreciation expense was \$4,646 and \$3,352 in 2018 and 2017, respectively.

Income taxes

Income taxes are not provided for in the financial statements since the Organization is exempt from federal income taxes under section 501 (c)(3) of the Internal Revenue Code and similar state provisions. The Organization is not classified as a private foundation.

A policy for accounting for uncertainty in income taxes was adopted in prior years that require the Organization to determine whether it is more likely than not that a tax position will be sustained upon examination based on the technical merits of the position. The Organization has no uncertain tax positions that qualified for either recognition or disclosure in the financial statements at December 31, 2018 or December 31, 2017.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Donated materials and services

Donated materials or equipment, when received, are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Organization's program services.

Functional expenses

Functional expenses have been allocated among the program and supporting services based upon an analysis of the expenses and benefits derived.

Reclassifications

Certain reclassifications have been made to 2017 amounts to conform to the 2018 presentation.

Comparative amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

Summary of Significant Accounting Policies (continued)

Evaluation of subsequent events

The Organization has evaluated subsequent events through April 16, 2019, the date which the financial statements were available to be issued.

Promises to Give

Unconditional promises to give at December 31 are as follows:

	<u>2018</u>	<u>2017</u>
Promises without donor restrictions	\$ 7,085	\$ -
Gross unconditional promises to give	7,085	-
Less allowance for uncollectible promises	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 7,085</u>	<u>\$ -</u>
Amounts due in:		
Less than one year	\$ 7,085	\$ -
One to five years	<u>-</u>	<u>-</u>
Gross unconditional promises to give	<u>\$ 7,085</u>	<u>\$ -</u>

The discount on the long-term promises to give to determine the net present value was not significant.

Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2018</u>	<u>2017</u>
Financial assets at year-end	\$ 94,041	\$ 32,670
Less those unavailable for general expenditures within one year, due to:	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 90,041</u>	<u>\$ 32,670</u>

Note Payable to a Bank

The Organization has a \$20,000 revolving line of credit. The line of credit had a balance of \$13,000 at December 31, 2018. The loan is a demand note, but if no demand is made, the terms of the loan call for the payment of all outstanding principal and accrued interest on July 2, 2019. In addition, interest at a variable rate, which was 5.50% at December 31, 2018, is payable monthly. The line of credit is unsecured.

Operating Lease

The Organization's lease for office space will expire on September 30, 2019. The Organization has the option to rent the space under a month to month agreement which can be terminated by either party by giving a 30-day written notice. The amount reported in rent expense was \$21,000 and \$26,000 for the years ended December 31, 2018 and 2017, respectively.

Concentration

The Organization seeks and receives funds from various sources, including the City of Mobile, Mobile County, State of Alabama, Department of Housing and Urban Development, and other private sources. All of these revenue sources are subject to the discretion of the entity granting the revenue.