

**KINGDOM HOUSE  
D/B/A LEVISE STL  
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

Kingdom House  
d/b/a LifeWise STL

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## Independent Auditors' Report

To the Board of Directors of  
Kingdom House  
d/b/a LifeWise STL  
St. Louis, Missouri

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kingdom House d/b/a LifeWise STL (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

#### ***Auditors' 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 auditors' 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 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 Kingdom House d/b/a LifeWise STL as of December 31, 2019 and 2018, 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.

*Schmersahl Treloar & Co.*

St. Louis, Missouri  
August 21, 2020

**FINANCIAL STATEMENTS**

Kingdom House  
STATEMENTS OF FINANCIAL POSITION

ASSETS

|  | December 31,        |                     |
|--|---------------------|---------------------|
|  | 2019                | 2018                |
| <b>CURRENT ASSETS</b>                                      |                     |                     |
| Cash and cash equivalents                                  | \$ 82,758           | \$ 59,355           |
| Accounts receivable  | 606,134             | 608,844             |
| United Way receivable                                      | 534,792             | 551,508             |
| Pledges - capital campaign, net of long term portion       | 58,250              | 30,263              |
| Prepaid expenses   | 11,022              | 14,698              |
| Total Current Assets                                       | 1,292,956           | 1,264,668           |
| PLEDGES - CAPITAL CAMPAIGN, net of discount                | 440                 | 8,796               |
| INVESTMENTS  | 417,179             | 367,724             |
| PROPERTY AND EQUIPMENT, net of<br>accumulated depreciation | 1,443,303           | 1,482,693           |
| <b>TOTAL ASSETS</b>  | <b>\$ 3,153,878</b> | <b>\$ 3,123,881</b> |

LIABILITIES AND NET ASSETS

|   |                     |                     |
|---|---------------------|---------------------|
| <b>CURRENT LIABILITIES</b>                  |                     |                     |
| Accounts payable                            | \$ 163,370          | \$ 144,856          |
| Line of credit                              | 130,000             | 124,600             |
| Current maturities of long-term debt        | 23,337              | 23,337              |
| Accrued expenses                            | 148,837             | 130,598             |
| Custodial funds                             | 27,890              | 5,620               |
| Total Current Liabilities                   | 493,434             | 429,011             |
| LONG-TERM DEBT                              | 595,902             | 608,645             |
| Total Liabilities                           | 1,089,336           | 1,037,656           |
| <b>NET ASSETS</b>                           |                     |                     |
| Without donor restrictions                  |                     |                     |
| Undesignated                                | 569,691             | 641,977             |
| Board designated                            | 270,205             | 238,213             |
| Total Net Assets Without Donor Restrictions | 839,896             | 880,190             |
| With donor restrictions                     |                     |                     |
| Purpose restrictions                        | 209,043             | 239,059             |
| Time-restricted for future periods          | 771,552             | 726,289             |
| Perpetual in nature                         | 244,051             | 240,687             |
| Total Net Assets With Donor Restrictions    | 1,224,646           | 1,206,035           |
| Total Net Assets                            | 2,064,542           | 2,086,225           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>     | <b>\$ 3,153,878</b> | <b>\$ 3,123,881</b> |

See accompanying notes to financial statements

Kingdom House  
STATEMENTS OF ACTIVITIES

|   | Year Ended December 31, 2019  |                            |                     | Year Ended December 31, 2018  |                            |                     |
|---|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| <b>SUPPORT AND REVENUE</b>  |                               |                            |                     |                               |                            |                     |
| Support   |                               |                            |                     |                               |                            |                     |
| Contributions   | \$ 886,089                    | \$ -                       | \$ 886,089          | \$ 854,607                    | \$ -                       | \$ 854,607          |
| Grants  | 710,679                       | 558,043                    | 1,268,722           | 422,947                       | 692,481                    | 1,115,428           |
| United Way  | 3,060                         | 534,792                    | 537,852             | 5,965                         | 551,508                    | 557,473             |
| Pledges - capital campaign  | 58,094                        | 47,500                     | 105,594             | 25,809                        | 25,300                     | 51,109              |
| Special events (net of expenses of<br>\$47,842 and \$50,072 respectively) | 43,937                        | -                          | 43,937              | 42,857                        | -                          | 42,857              |
| Net assets released from restrictions                                     | 1,126,506                     | ( 1,126,506)               | -                   | 998,791                       | ( 998,791)                 | -                   |
| <b>Total Support</b>  | <u>2,828,365</u>              | <u>13,829</u>              | <u>2,842,194</u>    | <u>2,350,976</u>              | <u>270,498</u>             | <u>2,621,474</u>    |
| Revenue   |                               |                            |                     |                               |                            |                     |
| Government agency fees  | 1,166,101                     | -                          | 1,166,101           | 1,185,033                     | -                          | 1,185,033           |
| Program service fees  | 80,636                        | -                          | 80,636              | 62,317                        | -                          | 62,317              |
| Investment income   | 4,037                         | 311                        | 4,348               | 3,223                         | 317                        | 3,540               |
| Net unrealized and realized gains (losses)                                | 56,811                        | 4,471                      | 61,282              | ( 19,665)                     | ( 2,025)                   | ( 21,690)           |
| Miscellaneous   | 17,650                        | -                          | 17,650              | 18,453                        | -                          | 18,453              |
| <b>Total Revenue</b>  | <u>1,325,235</u>              | <u>4,782</u>               | <u>1,330,017</u>    | <u>1,249,361</u>              | <u>( 1,708)</u>            | <u>1,247,653</u>    |
| <b>Total Support and Revenue</b>  | <u>4,153,600</u>              | <u>18,611</u>              | <u>4,172,211</u>    | <u>3,600,337</u>              | <u>268,790</u>             | <u>3,869,127</u>    |
| <b>EXPENSES</b>   |                               |                            |                     |                               |                            |                     |
| Program services  | 3,385,951                     | -                          | 3,385,951           | 3,072,236                     | -                          | 3,072,236           |
| Supporting services   | 807,943                       | -                          | 807,943             | 775,100                       | -                          | 775,100             |
| <b>Total Expenses</b>   | <u>4,193,894</u>              | <u>-</u>                   | <u>4,193,894</u>    | <u>3,847,336</u>              | <u>-</u>                   | <u>3,847,336</u>    |
| <b>CHANGE IN NET ASSETS</b>   | ( 40,294)                     | 18,611                     | ( 21,683)           | ( 246,999)                    | 268,790                    | 21,791              |
| <b>NET ASSETS, Beginning of year</b>                                      | <u>880,190</u>                | <u>1,206,035</u>           | <u>2,086,225</u>    | <u>1,127,189</u>              | <u>937,245</u>             | <u>2,064,434</u>    |
| <b>NET ASSETS, End of year</b>  | <u>\$ 839,896</u>             | <u>\$ 1,224,646</u>        | <u>\$ 2,064,542</u> | <u>\$ 880,190</u>             | <u>\$ 1,206,035</u>        | <u>\$ 2,086,225</u> |

See accompanying notes to financial statements

Kingdom House  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2019

|  | Program Services |                          |                  |                      | Supporting Services    |                        |                |                | Total          |                           |
|--|------------------|--------------------------|------------------|----------------------|------------------------|------------------------|----------------|----------------|----------------|---------------------------|
|  | Day Care         | Youth Social Development | Elderly Services | Core Social Services | Total Program Services | Management and General | Fundraising    | Volunteers     |                | Total Supporting Services |
| Salaries   | \$ 759,327       | \$ 629,034               | \$ 117,397       | \$ 327,591           | \$ 1,833,349           | \$ 238,103             | \$ 106,548     | \$ 127,537     | \$ 472,188     | \$ 2,305,537              |
| Employee benefits                                      | 116,597          | 48,582                   | 19,433           | 25,910               | 210,522                | 87,448                 | 19,433         | 6,478          | 113,359        | 323,881                   |
| Payroll taxes  | 55,916           | 46,322                   | 8,645            | 24,124               | 135,006                | 17,534                 | 7,846          | 9,392          | 34,772         | 169,778                   |
| Assistance to individuals                              | 95               | 96,314                   | 65,813           | 94,904               | 257,126                | 900                    | -              | -              | 900            | 258,026                   |
| Conferences and meetings                               | 5,602            | 17,125                   | 6,382            | 15,769               | 44,878                 | 1,145                  | 1,815          | 1,329          | 4,289          | 49,167                    |
| Depreciation   | 42,483           | 35,060                   | 6,553            | 18,299               | 102,395                | 13,224                 | 5,972          | 11,336         | 30,532         | 132,927                   |
| Information technology                                 | 26,552           | 22,522                   | 6,272            | 21,908               | 77,254                 | 9,610                  | 5,154          | 5,642          | 20,406         | 97,660                    |
| Interest   | 12,446           | 10,225                   | 1,900            | 5,517                | 30,088                 | 3,882                  | 1,750          | 4,514          | 10,146         | 40,234                    |
| Local transportation                                   | 202              | 34,549                   | 23,736           | 1,565                | 60,052                 | 590                    | 192            | 489            | 1,271          | 61,323                    |
| Miscellaneous  | 4,964            | 8,262                    | 5,467            | 4,293                | 22,986                 | 26,663                 | 2,473          | 540            | 29,676         | 52,662                    |
| Occupancy costs  | 63,816           | 61,882                   | 17,404           | 19,338               | 162,440                | 15,471                 | 11,603         | 3,868          | 30,942         | 193,382                   |
| Postage and shipping                                   | 1,721            | 2,076                    | 314              | 749                  | 4,860                  | 527                    | 720            | 288            | 1,535          | 6,395                     |
| Print and publications                                 | 9,736            | 9,501                    | 2,173            | 4,307                | 25,717                 | 2,710                  | 1,358          | 1,645          | 5,713          | 31,430                    |
| Professional fees and contracted services              | 30,057           | 57,000                   | 13,492           | 37,909               | 138,458                | 15,077                 | 3,653          | 4,294          | 23,024         | 161,482                   |
| Supplies   | 125,483          | 126,081                  | 5,975            | 14,341               | 271,880                | 8,963                  | 11,951         | 5,975          | 26,889         | 298,769                   |
| Telephone  | <u>3,712</u>     | <u>3,063</u>             | <u>573</u>       | <u>1,592</u>         | <u>8,940</u>           | <u>1,156</u>           | <u>522</u>     | <u>623</u>     | <u>2,301</u>   | <u>11,241</u>             |
| Total expenses included on the statement of activities | <u>1,258,709</u> | <u>1,207,598</u>         | <u>301,529</u>   | <u>618,116</u>       | <u>3,385,951</u>       | <u>443,003</u>         | <u>180,990</u> | <u>183,950</u> | <u>807,943</u> | <u>4,193,894</u>          |
| Special event expenses                                 |                  |                          |                  |                      |                        |                        |                |                |                | <u>47,842</u>             |
| Total Expenses   |                  |                          |                  |                      |                        |                        |                |                |                | <u>\$ 4,241,736</u>       |

See accompanying notes to financial statements



Kingdom House  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2018

|  | Program Services |                          |                  |                      | Supporting Services    |                        |                |                |                           | Total               |
|--|------------------|--------------------------|------------------|----------------------|------------------------|------------------------|----------------|----------------|---------------------------|---------------------|
|  | Day Care         | Youth Social Development | Elderly Services | Core Social Services | Total Program Services | Management and General | Fundraising    | Volunteers     | Total Supporting Services |                     |
| Salaries   | \$ 743,281       | \$ 564,595               | \$ 108,965       | \$ 289,383           | \$ 1,706,224           | \$ 261,386             | \$ 82,562      | \$ 132,816     | \$ 476,764                | \$ 2,182,988        |
| Employee benefits                                      | 105,438          | 43,932                   | 17,573           | 23,431               | 190,374                | 79,078                 | 17,573         | 5,858          | 102,509                   | 292,883             |
| Payroll taxes  | 55,587           | 42,224                   | 8,149            | 21,642               | 127,602                | 19,548                 | 6,174          | 9,933          | 35,655                    | 163,257             |
| Assistance to individuals                              | 1,500            | 26,951                   | 75,692           | 85,070               | 189,213                | 734                    | -              | -              | 734                       | 189,947             |
| Conferences and meetings                               | 6,139            | 18,814                   | 6,547            | 11,557               | 43,057                 | 1,607                  | 1,776          | 1,757          | 5,140                     | 48,197              |
| Depreciation   | 43,738           | 32,817                   | 6,400            | 16,956               | 99,911                 | 15,386                 | 4,805          | 12,030         | 32,221                    | 132,132             |
| Information technology                                 | 22,473           | 16,979                   | 3,692            | 31,414               | 74,558                 | 7,918                  | 2,404          | 4,945          | 15,267                    | 89,825              |
| Interest   | 10,688           | 8,040                    | 1,562            | 4,140                | 24,430                 | 3,754                  | 1,170          | 4,734          | 9,658                     | 34,088              |
| Local transportation                                   | 261              | 34,101                   | 23,836           | 2,533                | 60,731                 | 1,596                  | 6              | 598            | 2,200                     | 62,931              |
| Miscellaneous  | 5,642            | 12,693                   | 2,801            | 3,290                | 24,426                 | 5,624                  | 4,473          | 577            | 10,674                    | 35,100              |
| Occupancy costs  | 58,078           | 56,318                   | 15,840           | 17,600               | 147,836                | 14,080                 | 10,560         | 3,520          | 28,160                    | 175,996             |
| Postage and shipping                                   | 1,652            | 2,059                    | 355              | 664                  | 4,730                  | 573                    | 642            | 293            | 1,508                     | 6,238               |
| Print and publications                                 | 6,938            | 6,455                    | 1,859            | 2,844                | 18,096                 | 2,428                  | 4,224          | 1,246          | 7,898                     | 25,994              |
| Professional fees and contracted services              | 30,801           | 54,787                   | 13,195           | 21,251               | 120,034                | 12,719                 | 3,160          | 5,150          | 21,029                    | 141,063             |
| Supplies   | 106,555          | 107,063                  | 5,074            | 12,178               | 230,870                | 7,611                  | 10,148         | 5,074          | 22,833                    | 253,703             |
| Telephone  | 4,462            | 3,303                    | 653              | 1,726                | 10,144                 | 1,560                  | 487            | 803            | 2,850                     | 12,994              |
| Total expenses included on the statement of activities | <u>1,203,233</u> | <u>1,031,131</u>         | <u>292,193</u>   | <u>545,679</u>       | <u>3,072,236</u>       | <u>435,602</u>         | <u>150,164</u> | <u>189,334</u> | <u>775,100</u>            | <u>3,847,336</u>    |
| Special event expenses                                 |                  |                          |                  |                      |                        |                        |                |                |                           | <u>50,072</u>       |
| Total Expenses   |                  |                          |                  |                      |                        |                        |                |                |                           | <u>\$ 3,897,408</u> |

See accompanying notes to financial statements

Kingdom House  
STATEMENTS OF CASH FLOWS

|   | Years Ended December 31, |                   |
|---|--------------------------|-------------------|
|   | 2019                     | 2018              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                          |                   |
| Change in net assets  | (\$ 21,683)              | \$ 21,791         |
| Adjustments to reconcile change in net assets<br>to net change in cash from operating activities: |                          |                   |
| Depreciation  | 132,927                  | 132,132           |
| In-kind contribution capitalized  | ( 69,000)                | -                 |
| Net unrealized and realized (gains) losses  | ( 61,282)                | 21,690            |
| (Increase) decrease in assets:  |                          |                   |
| Accounts receivable   | 2,710                    | ( 348,910)        |
| United Way receivable   | 16,716                   | 14,244            |
| Pledges - capital campaign, net of discount   | ( 19,631)                | 8,334             |
| Prepaid expenses  | 3,676                    | 704               |
| Increase (decrease) in liabilities:   |                          |                   |
| Accounts payable  | 18,514                   | 50,533            |
| Accrued expenses  | 18,239                   | 30,974            |
| Custodial funds   | <u>22,270</u>            | <u>( 10,442)</u>  |
| Net Change in Cash from Operating Activities  | <u>43,456</u>            | <u>( 78,950)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                          |                   |
| Purchases of property and equipment   | ( 24,537)                | ( 80,145)         |
| Proceeds from sale of investments   | 16,104                   | 18,098            |
| Purchases of investments  | <u>( 4,277)</u>          | <u>( 83,421)</u>  |
| Net Change in Cash from Investing Activities  | <u>( 12,710)</u>         | <u>( 145,468)</u> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                          |                   |
| Net borrowings on line of credit  | 5,400                    | 124,600           |
| Payments on long-term debt  | <u>( 12,743)</u>         | <u>( 20,876)</u>  |
| Net Change in Cash from Financing Activities  | <u>( 7,343)</u>          | <u>103,724</u>    |
| NET CHANGE IN CASH<br>AND CASH EQUIVALENTS  | 23,403                   | ( 120,694)        |
| CASH AND CASH EQUIVALENTS, Beginning of year  | <u>59,355</u>            | <u>180,049</u>    |
| CASH AND CASH EQUIVALENTS, End of year  | <u>\$ 82,758</u>         | <u>\$ 59,355</u>  |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>  |                          |                   |
| Cash paid during the year for interest  | <u>\$ 40,234</u>         | <u>\$ 34,088</u>  |

See accompanying notes to financial statements

Kingdom House  
d/b/a LifeWise STL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Kingdom House d/b/a LifeWise STL (the “Organization”) is a neighborhood social service center which has been serving residents of the near south side of St. Louis since 1902 and is a United Way member agency. The Organization’s building facilities and staff resources are directed toward organizing groups of residents to develop resources to meet their needs, problems, and mutual concerns. Of prime concern is the provision of social and community services for families, children and individuals under stress, including child day care, education, recreation, counseling, assistance with vocational training, and employment opportunities and direct material relief. In June 2019, Kingdom House began operating under the business name LifeWise STL.

**Change in Accounting Principle**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606.

Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization’s financial statements reflect the application of Topic 606 guidance beginning in 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of Topic 606 did not impact the Organization’s reported historical revenue.

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The implementation of this standard had no impact on the financial statements.

Kingdom House  
d/b/a LifeWise STL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018  
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

**Net Assets without Donor Restrictions**

Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

**Net Assets with Donor Restrictions**

Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains cash deposits in bank accounts which at times may exceed federally insured limits of up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk. There were no uninsured cash balances at December 31, 2019 and 2018.

Kingdom House  
d/b/a LifeWise STL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018  
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Accounts Receivable**

Accounts receivable is carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. No allowance was deemed necessary as of December 31, 2019 and 2018.

**Investments**

The Organization carries investments in marketable securities with readily determinable fair values at their quoted fair values in the Statements of Financial Position. Net investment return is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

**Property and Equipment**

Property and equipment are valued at cost. Donated assets are recorded at their estimated fair market value when received. Depreciation is computed using the straight-line method as follows:

|                           |               |
|---------------------------|---------------|
| Building and improvements | 10 – 50 Years |
| Machinery and equipment   | 3 – 25 Years  |

Expenditures for maintenance and repairs are charged to operations when incurred. Expenditures for improvements and major rehabilitations that extend the useful life of an asset are capitalized.

Kingdom House  
d/b/a LifeWise STL  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018  
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Revenue Recognition**

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measureable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions and Pledges

Contributions and pledges are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Restricted amounts which are received and expended in the same fiscal year are reported as increases in net assets without donor restrictions. Adoption of ASU 2018-08 had no impact on the recognition of Contributions and Pledges.

Grants and Government Agency Fees

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contracts or grant provisions. Adoption of ASU 2018-08 had no impact on the recognition of Grants and Government Agency Fees.

Special Events Revenue

The portion of ticket sales and sponsorship revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. Adoption of Topic 606 had no impact on the recognition of Special Events Revenue.

**Functional Expenses**

The Statements of Functional Expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based on employees time and effort.

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NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018  
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results may differ from these estimates.

**Financial Instruments**

The carrying amount of cash and cash equivalents, accounts receivable, United Way receivable, current portion of pledges receivable – capital campaign, prepaid expenses, accounts payable, accrued expenses, and custodial funds reported in the Statements of Financial Position approximate fair value due to the short-term maturities of those instruments.

**Custodial Funds**

The Organization acts as the fiscal agent and has received funds on behalf of the Greater St. Louis Federation of Settlement Houses and the Gateway Welcome Project. These funds are segregated in the books and records of the Organization and are included in cash and cash equivalents at December 31, 2019 and 2018.

**Donated Property, Materials, and Services**

Certain donated property and materials are recorded as contributions at their fair market value at the date of receipt. Food donated to the Organization's pantry was valued at \$10,289 and \$5,242 for the years ended December 31, 2019 and 2018, respectively.

In-kind services were received from professional organizations related to fence and parking lot repairs during 2019. These in-kind services totaled \$69,000 for the year ended December 31, 2019 and are reflected in contributions on the Statements of Activities and capitalized in property and equipment on the Statements of Financial Position. No in-kind services were received during 2018.

A substantial number of volunteers have donated significant amounts of their time and materials in the Organization's program services and special events. No amounts have been recorded for donated services as no objective basis is available to measure the value of such services.

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December 31, 2019 and 2018  
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Income Taxes**

The Organization qualifies as a nonprofit and religious organization and is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization does not have unrelated business income, excise taxes, or activities that would threaten the Organization's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided. The Organization files an information return, IRS Form 990. The Organization's tax returns for tax years 2016 and later remain subject to examination by taxing authorities.

The Organization adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax positions of the Organization related to tax filings.

**Reclassifications**

Certain amounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 21, 2020, the date the financial statements were available to be issued.

B. **PLEDGES – CAPITAL CAMPAIGN**

Pledges – capital campaign at December 31, are as follows:

|  | 2019     | 2018     |
|--|----------|----------|
| Receivable in less than one year           | \$58,250 | \$30,263 |
| Receivable in one to five years            | 500      | 10,000   |
| Less: discount (2.6%) to net present value | ( 60)    | ( 1,204) |
| Total Pledges – Capital Campaign, net      | \$58,690 | \$39,059 |

C. **INVESTMENTS**

The Organization's investments are stated at fair value and consist of pooled investments in the Missouri United Methodist Foundation Investment Pool. Currently the pools are invested in various mutual funds which are diversified over many investment strategies.



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C. **INVESTMENTS** (Continued)

Investments for the year ended December 31, 2019 are as follows:

|                                 | Cost             | Fair<br>Value    | Unrealized<br>Appreciation |
|---------------------------------|------------------|------------------|----------------------------|
| Pooled Balanced Investment Fund |                  |                  |                            |
| The Hough Fund                  | \$ 1,015         | \$ 3,235         | \$ 2,220                   |
| Howard May Endowment Fund       | 104,906          | 127,923          | 23,017                     |
| Lions Club Endowment Fund       | 27,980           | 30,312           | 2,332                      |
| Salem-in-Ladue Endowment Fund   | 223,739          | 227,810          | 4,071                      |
| Kingdom House Endowment Fund    | 26,192           | 27,899           | 1,707                      |
|                                 | <u>\$383,832</u> | <u>\$417,179</u> | <u>\$33,347</u>            |
| Total Investments               |                  |                  |                            |

During the year ended December 31, 2014, upon approval by the Board of Directors and in accordance with language included in the Endowment document the Organization internally borrowed \$100,000 from the Salem-in-Ladue Endowment Fund and \$100,000 from the Kingdom House Endowment Fund to purchase two buildings. During the year ended December 31, 2016, the Organization internally borrowed \$65,000 from the Salem-in-Ladue Endowment Fund to fund current operations, this amount was paid back during the year ended December 31, 2017. For the year ended December 31, 2018, \$80,000 was paid back into the Salem-in-Ladue Endowment Fund. No amounts were paid back for the year ended December 31, 2019. The Organization expects to repay the remaining borrowings when funds become available.

Investment return for the year ended December 31, 2019 is summarized as follows:

|                                   |                 |
|-----------------------------------|-----------------|
| Investment income                 | \$ 4,348        |
| Net unrealized and realized gains | <u>61,282</u>   |
| Total Investment Return           | <u>\$65,630</u> |

Investments for the year ended December 31, 2018 are as follows:

|                                 | Cost             | Fair<br>Value    | Unrealized<br>Appreciation |
|---------------------------------|------------------|------------------|----------------------------|
| Pooled Balanced Investment Fund |                  |                  |                            |
| The Hough Fund                  | \$ 933           | \$ 2,973         | \$ 2,040                   |
| Howard May Endowment Fund       | 93,344           | 113,824          | 20,480                     |
| Lions Club Endowment Fund       | 24,876           | 26,949           | 2,073                      |
| Salem-in-Ladue Endowment Fund   | 195,387          | 198,942          | 3,555                      |
| Kingdom House Endowment Fund    | 23,504           | 25,036           | 1,532                      |
|                                 | <u>\$338,044</u> | <u>\$367,724</u> | <u>\$29,680</u>            |
| Total Investments               |                  |                  |                            |

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(Continued)

C. **INVESTMENTS** (Continued)

Investment return for the year ended December 31, 2018 is summarized as follows:

|                                      |                              |
|--------------------------------------|------------------------------|
| Investment income                    | \$ 3,540                     |
| Net unrealized and realized (losses) | <u>(21,690)</u>              |
| <br>Total Investment (Losses)        | <br><u><u>\$(18,150)</u></u> |

D. **FAIR VALUE MEASUREMENTS**

Fair values of assets measured on a recurring basis are as follows:

|                                 | Fair Value Measurements at Reporting Date Using: |   |   |  |
|---------------------------------|--|---|---|--|
|                                 | Fair Value                                       | Quoted Prices<br>In Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <u>December 31, 2019</u>        |  |   |   |  |
| Pooled balanced investment fund | \$417,179  | \$ -  | \$417,179   | \$ -   |

|                                 | Fair Value Measurements at Reporting Date Using: |   |   |  |
|---------------------------------|--|---|---|--|
|                                 | Fair Value                                       | Quoted Prices<br>In Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <u>December 31, 2018</u>        |  |   |   |  |
| Pooled balanced investment fund | \$367,724  | \$ -  | \$367,724   | \$ -   |

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on assumptions about the marketability of the assets. The Organization has no Level 3 assets.

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**E. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

|  | December 31, |             |
|--|--------------|-------------|
|  | 2019         | 2018        |
| Land   | \$ 157,936   | \$ 157,936  |
| Buildings and improvements                                       | 2,361,371    | 2,335,014   |
| Machinery and equipment  | 556,182      | 489,252     |
|  | 3,075,489    | 2,982,202   |
| Less: accumulated depreciation                                   | 1,632,186    | 1,499,509   |
| Total Property and Equipment, net<br>of accumulated depreciation | \$1,443,303  | \$1,482,693 |

Depreciation expense at December 31, 2019 and 2018 was \$132,927 and \$132,132, respectively.

**F. LINE OF CREDIT**

The Organization has a \$200,000 revolving line of credit agreement with a bank, which is collateralized by a Deed of Trust on a building. The line of credit expires November 8, 2020. Interest is payable at the prime rate 4.75%. The outstanding balance at December 31, 2019 and 2018 was \$130,000 and 124,600, respectively.

**G. LONG-TERM DEBT**

During the year ended December 31, 2019, the Organization refinanced a note with Busey Bank through Carrollton Bank, collateralized by certain real estate. The note is payable in monthly installments of \$3,399 through November 2020 including interest at 2.81%, monthly installments of \$3,894 through May 2023 including interest at 4.40%, and monthly instalments of \$4,009 through October 2024 including interest at 4.80%. The remaining balance of the note is due November 2024.

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G. **LONG-TERM DEBT** (Continued)

The aggregate maturities of long-term debt as of December 31, 2019 are:

| <u>Year</u> | <u>Amount</u>    |
|-------------|------------------|
| 2020        | \$ 23,337        |
| 2021        | 20,547           |
| 2022        | 21,482           |
| 2023        | 21,983           |
| 2024        | <u>531,890</u>   |
|             | <u>\$619,239</u> |

Total interest expense from all sources for the years ended December 31, 2019 and 2018, was \$40,234 and \$34,088, respectively.

H. **ENDOWMENT NET ASSETS**

The Organization has adopted provisions of ASC 958-205-50-1B, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and Enhanced Disclosures for All Endowment Funds*. ASC 958-205-50-1B provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization.

The Kingdom House Endowment Fund consists of individual funds established including both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Effective August 28, 2009, the State of Missouri enacted UPMIFA. UPMIFA requires the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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H. **ENDOWMENT NET ASSETS** (Continued)

Investment Return Objectives, Risk Parameters, and Strategies: The Organization has adopted an investment policy, approved by the Board of Directors, for endowment assets to provide a clear understanding of the investment philosophy and objectives regarding the investment of funds of the Organization. Accordingly, the primary investment objectives of the board designated endowment funds are to balance growth and income while minimizing risk over an intermediate term time horizon. The primary investment objectives of the perpetual endowment funds are growth and income, to maximize total return and to minimize the risk of loss over a longer term time horizon. Endowment assets are invested in a diversified asset mix, which can include cash & cash equivalents, equities, and fixed income securities. The endowment funds have asset allocation targets of equities between 35% and 65% and fixed income between 35% and 65%.

The Organization's investment performance is evaluated on a 3 and 5 year time horizon against peer universes and index benchmarks. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity as well as board designated funds.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowments may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature, if any, reduce unrestricted net assets. These deficiencies could result from unfavorable market fluctuations on invested restricted contributions. There were no deficiencies at December 31, 2019 and 2018.

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total<br>Endowment<br>Net Assets |
|--|----------------------------------|-------------------------------|----------------------------------|
| Donor-restricted perpetual endowment funds | \$ -                             | \$ 244,051                    | \$ 244,051                       |
| Board designated endowment funds           | 270,205                          | -                             | 270,205                          |
| Endowment net assets, end of year          | <u>\$ 270,205</u>                | <u>\$ 244,051</u>             | <u>\$ 514,256</u>                |

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NOTES TO FINANCIAL STATEMENTS  
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H. **ENDOWMENT NET ASSETS** (Continued)

Changes in endowment net assets as of December 31, 2019 are as follows:

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total<br>Endowment<br>Net Assets |
|---|----------------------------------|-------------------------------|----------------------------------|
| Endowment net assets, beginning of year | \$ 238,213                       | \$ 240,687                    | \$ 478,900                       |
| Investment income, net of fees          | 3,966                            | 311                           | 4,277                            |
| Net realized and unrealized gains       | 56,811                           | 4,471                         | 61,282                           |
| Amounts appropriated for expenditure    | ( 28,785)                        | ( 1,418)                      | ( 30,203)                        |
| Endowment net assets, end of year       | <u>\$ 270,205</u>                | <u>\$ 244,051</u>             | <u>\$ 514,256</u>                |

Endowment net asset composition by type of fund as of December 31, 2018 is as follows:

|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total<br>Endowment<br>Net Assets |
|--|----------------------------------|-------------------------------|----------------------------------|
| Donor-restricted perpetual endowment funds | \$ -                             | \$ 240,687                    | \$ 240,687                       |
| Board designated endowment funds           | <u>238,213</u>                   | <u>-</u>                      | <u>238,213</u>                   |
| Endowment net assets, end of year          | <u>\$ 238,213</u>                | <u>\$ 240,687</u>             | <u>\$ 478,900</u>                |

Changes in endowment net assets as of December 31, 2018 are as follows:

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | Total             |
|---|----------------------------------|-------------------------------|-------------------|
| Endowment net assets, beginning of year | \$ 257,891                       | \$ 243,845                    | \$ 501,736        |
| Investment income, net of fees          | 3,104                            | 317                           | 3,421             |
| Net realized and unrealized losses      | ( 19,665)                        | ( 2,025)                      | ( 21,690)         |
| Amounts appropriated for expenditure    | ( 3,117)                         | ( 1,450)                      | ( 4,567)          |
| Endowment net assets, end of year       | <u>\$ 238,213</u>                | <u>\$ 240,687</u>             | <u>\$ 478,900</u> |

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(Continued)

**I. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods.

|  | 2019         | 2018         |
|--|--------------|--------------|
| Subject to expenditure for a specific purpose:   |              |              |
| Campaign pledges   | \$ 58,690    | \$ 39,059    |
| Other Programs   | 150,353      | 200,000      |
|  | 209,043      | 239,059      |
| Subject to passage of time   |              |              |
| United Way   | 534,792      | 551,508      |
| Other Programs   | 236,760      | 174,781      |
|  | 771,552      | 726,289      |
| Subject to the Organization's spending policy<br>and appropriation:                    |              |              |
| Original donor-restricted gift amount and<br>amount required to be maintained by donor | 232,359      | 232,359      |
| Accumulated Gain   | 11,692       | 8,328        |
|  | 244,051      | 240,687      |
| Total Net Assets With Donor Restrictions   | \$ 1,224,646 | \$ 1,206,035 |

Net assets with donor restrictions are reclassified to net assets without donor restrictions when the time restriction expires or the funds are utilized for the restricted purpose.

Net assets with donor restrictions that are perpetual in nature consist of a portion of the Howard May Endowment, a gift instrument requiring that the principal be invested in perpetuity and the income only be used to assist community and social welfare ministries of the Organization; a portion of the Kingdom House Endowment Fund, a trust instrument to be operated exclusively for the benefit of the Organization with distributions of a portion of the total returns at such intervals and amounts as determined by the trust instrument; and the Downtown Lions Club Endowment.

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**J. NET ASSETS RELEASED FROM DONOR RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31:

|   | 2019        | 2018      |
|---|-------------|-----------|
| Purpose restrictions accomplished                               |             |           |
| Campaign Pledges  | \$ 27,869   | \$ 28,289 |
| Other Programs  | 350,350     | 200,000   |
| Time restrictions expired                                       |             |           |
| United Way  | 551,508     | 565,752   |
| Other Programs  | 195,361     | 203,300   |
| Subject to the Organization's spending policy and appropriation | 1,418       | 1,450     |
| Total Net Assets Released from Restrictions                     | \$1,126,506 | \$998,791 |

**K. BOARD DESIGNATED NET ASSETS**

Board designated net assets consist of without donor restricted legacies, bequests, Salem-in-Ladue Fund, and other significant contributions received by the Organization. These funds are earmarked by the Board of Directors of the Organization for future acquisitions of fixed assets, operations, and other purposes approved by the Board.

**L. CONTINGENCIES**

The Organization, from time to time, receives information regarding potential claims against the Organization from employees, clients, and/or client families. Management has represented that the Organization's insurance company is responsible for handling any and all such claims.

**M. RETIREMENT PLAN**

The Organization maintains a defined contribution retirement plan covering all full-time employees with at least one year of service (minimum 1,000 hours worked) with a minimum entry age of 21. During the year ended December 31, 2011, the Organization amended the plan to allow for an employer match of 3% of each participant's annual compensation. The total amounts contributed into the plan for 2019 and 2018 were \$45,315 and \$39,727, respectively.



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**N. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization regularly monitors liquidity required to meet its operating needs. The Organization receives contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization maintains financial assets, consisting of cash and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, the Organization invests cash in excess of daily requirements in various investments. In addition, the Organization maintains a board-designated endowment that allows for annual spending of income and appreciation generated from certain donor-restricted perpetual endowment funds.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

|   | 2019         | 2018         |
|---|--------------|--------------|
| Cash and cash equivalents   | \$ 82,758    | \$ 59,355    |
| Accounts and other receivables  | 1,199,176    | 1,190,615    |
| Investments   | 417,179      | 367,724      |
| Total financial assets  | 1,699,113    | 1,617,694    |
| Less amounts not available to be used within one year:                                    |              |              |
| Board designated for endowment  | 270,205      | 238,213      |
| Donor restricted perpetual endowment  | 244,051      | 240,687      |
| Total financial assets not available to be used<br>within one year                        | 514,256      | 478,900      |
| Financial assets available to meet cash needs for<br>general expenditures within one year | \$ 1,184,857 | \$ 1,138,794 |

As more fully described in Note F, the Organization also has a committed line of credit in the amount of \$200,000 of which \$70,000 remains to be drawn upon in the event of an unanticipated liquidity need.

In addition, although the Organization does not intend to spend from its board-designated endowment, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its board designated-endowment could be made available if necessary.

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**O. SUBSEQUENT EVENT**

As the spread of the COVID-19 coronavirus continues worldwide, economic uncertainties have arisen that are likely to negatively impact our financial results. While management expects this negative impact to be temporary, the severity and duration of the impact is uncertain at this time.

As a part of navigating the Organization through these unprecedented times, management submitted an application with their bank for SBA loan funding under the Paycheck Protection Program (PPP) as provided by the recently passed Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

This application has been approved and loan funding in the amount of \$528,283 was received on April 14, 2020. The terms are as follows: Loan is amortized over 24 months at 1% interest and there are no payments required for 6 months. Under certain circumstances all or part of the loan may be forgiven and converted to a grant. Whatever balance is not forgiven during that 6 months will be repaid over the remaining 18 months at equal principal payments plus interest monthly. The loan is unsecured and is guaranteed by the SBA