

THRIVE METRO EAST
REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2021

THRIVE METRO EAST

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LOY MILLER TALLEY, PC

Certified Public Accountants

Integrity ★ Vision ★ Results

INDEPENDENT AUDITOR'S REPORT

March 18, 2022

To the Board of Directors of
Thrive Metro East
Godfrey, Illinois 62035

Opinion

We have audited the accompanying financial statements of Thrive Metro East (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, statement of cash flows, and statement of functional expenses for the year 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 Thrive Metro East as of June 30, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Thrive Metro East and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

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Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, 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, misrepresentations, 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Thrive Metro East'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 Thrive Metro East'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.

Loy Miller Talley, PC

Certified Public Accountants
Alton, Illinois

THRIVE METRO EASTSTATEMENT OF FINANCIAL POSITION
JUNE 30, 2021ASSETS

CURRENT ASSETS:

Cash and Cash Equivalents	\$	122,177
Prepaid Expenses		<u>1,986</u>
Total Current Assets	\$	<u>124,163</u>

PROPERTY AND EQUIPMENT:

Land and Building	\$	287,500
Furniture and Fixtures		19,594
Medical Furniture and Equipment		87,332
Improvements		<u>54,315</u>
Total Property and Equipment		448,741
Less: Accumulated Depreciation		<u>(237,528)</u>
Net Property and Equipment	\$	<u>211,213</u>

Total Assets

\$ 335,376LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	\$	4,788
Accrued Wages		2,731
Accrued Vacation Payable		11,213
Accrued Payroll Taxes		5,202
Current Portion of Mortgage Payable		<u>8,211</u>
Total Current Liabilities	\$	<u>32,145</u>

LONG-TERM LIABILITIES

Mortgage Payable	\$	94,425
PPP Loan		38,572
EIDL Advance		10,000
EIDL Loan		74,579
Less: Current Portion		<u>(8,211)</u>
Total Long-term Liabilities	\$	<u>209,365</u>

Total Liabilities

\$ 241,510

NET ASSETS:

Net Assets - Without Donor Restrictions	\$	74,506
Net Assets - With Donor Restrictions		<u>19,360</u>
Total Net Assets	\$	<u>93,866</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 335,376

The accompanying notes are an integral part of the financial statements.

THRIVE METRO EASTSTATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES:			
Contributions	\$ 155,495	\$ 34,746	\$ 190,241
Donated Professional Services	59,250		59,250
Grants	25,573		25,573
Special Events Revenue	\$ 171,284		\$ 171,284
Less: Cost of Direct Benefits to Donors	<u>(49,154)</u>		<u>(49,154)</u>
Net Revenues From Special Events	122,130		122,130
Rental Income	\$ 11,387		\$ 11,387
Less: Rental Expenses	<u>(10,555)</u>		<u>(10,555)</u>
Rental Income, Net of Expenses	832		832
Other Income	659		659
PPP Loan Forgiveness	38,400		38,400
Investment Income	37		37
Net Assets Released From Restrictions	<u>22,356</u>	<u>(22,356)</u>	<u>-</u>
Total Revenues	\$ 424,732	\$ 12,390	\$ 437,122
EXPENSES:			
Program Services:	\$ 280,551	\$ -	\$ 280,551
Total Program Services	<u>\$ 280,551</u>	<u>\$ -</u>	<u>\$ 280,551</u>
Supporting Services:			
Management and General	\$ 63,937		\$ 63,937
Fundraising	40,769	\$ -	40,769
Total Supporting Services	<u>\$ 104,706</u>	<u>\$ -</u>	<u>\$ 104,706</u>
Total Expenses	\$ 385,257	\$ -	\$ 385,257
CHANGE IN NET ASSETS	\$ 39,475	\$ 12,390	\$ 51,865
NET ASSETS, BEGINNING OF YEAR	35,031	6,970	42,001
NET ASSETS, END OF YEAR	\$ 74,506	\$ 19,360	\$ 93,866

The accompanying notes are an integral part of the financial statements.

THRIVE METRO EASTSTATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Assets	\$ 51,865
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by operating Activities:	
Depreciation Expense	19,934
Changes in Assets and Liabilities:	
(Increase) in Prepaid Expenses	(42)
Increase in Accrued Payroll Taxes	337
(Decrease) in Accrued Wages	(242)
(Decrease) in Accounts Payable	(5,459)
Increase in Vacation Wages Payable	<u>5,850</u>
Net Cash Provided by Operating Activities	<u>\$ 72,243</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Property and Equipment	<u>\$ (3,380)</u>
Net Cash (Used In) by Investing Activities	<u>\$ (3,380)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of Borrowings	\$ (45,616)
Proceeds from Borrowings	<u>38,572</u>
Net Cash (Used In) Financing Activities	<u>\$ (7,044)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 61,819
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>60,358</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 122,177</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION	
Cash Paid During Year:	
Interest	<u>\$ 5,018</u>

The accompanying notes are an integral part of the financial statements.

THRIVE METRO EASTSTATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Supporting Services</u>			Total Functional Expenses
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
EXPENSES:				
Salaries and Wages	\$ 151,393	\$ 30,411	\$ 27,286	\$ 209,090
Payroll Taxes	11,854	2,381	2,136	16,371
Insurance	4,019	4,019	-	8,038
Postage	160	640	2,402	3,202
Printing	183	734	2,752	3,669
Medical Expense	4,997	-	-	4,997
Program Expenses	4,163	345	-	4,508
Donated Professional Services	59,250	-	-	59,250
Accounting Services	-	3,835	-	3,835
Utilities	7,505	2,502	-	10,007
Repairs & Maintenance	1,801	5,401	-	7,202
Conferences	4,140	552	828	5,520
Training Supplies	620	83	124	827
Dues & Subscriptions	2,480	8,679	1,240	12,399
Advertising	3,302	-	367	3,669
Auto/Travel Expense	2,723	362	545	3,630
Office Expenses	1,869	1,121	747	3,737
Miscellaneous	1,165	-	-	1,165
Interest	1,115	2,265	-	3,380
Bank Fees/Credit Card Fees	-	-	2,342	2,342
Depreciation	17,812	607	-	18,419
Total Expenses	<u>\$ 280,551</u>	<u>\$ 63,937</u>	<u>\$ 40,769</u>	<u>\$ 385,257</u>

The accompanying notes are an integral part of the financial statements.

THRIVE METRO EAST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Thrive Metro East, formally known as Options Now and Arms of Love Pregnancy Resource Center, was organized in 1994 to minister to women and their families needing care, support, and resources due to pregnancy.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Method of Accounting

The financial statements of the Organization are presented on the accrual basis of accounting. Under this method, revenues are recognized when earned rather than when collected and expenses are recognized when incurred rather than when paid.

Basis of Presentation

In the year ended June 30, 2019, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statement of Not-for-Profit Entities. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions - Net assets subject to donor imposed restrictions. The Organization has net assets of \$19,360 subject to donor restrictions. (See Note 5)

Cash and Cash Equivalents

Cash and Cash Equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

THRIVE METRO EAST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases to net assets with donor restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support unrestricted.

Donated Material and Services

The Organization records various types of in kind support including professional services, materials, and equipment. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The professional services donated to the Organization are from a Doctor, Registered Nurses, and other medical specialists, who provide medical services to the clients. Material contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as donated services, or materials are offset by like amounts included in expenses or by depreciation over the estimated life of the donated asset. The estimated dollar value given to volunteer services is \$59,250.

Additionally, the Organization receives a significant amount of donated services from unpaid volunteers, which does not meet the two recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Tax Exempt Status

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and a similar provision of state law. However, the Organization is subject to deferral income tax on any unrelated business taxable income. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ending 2020, 2019, and 2018 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Property and Equipment

Property and equipment are capitalized at cost. Donated fixed assets are recorded based on the fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Items costing less than \$5,000 are expensed in the year of acquisition.

Functional Allocation of Expenses

The costs of providing the Organization's programs, administration, and fundraising, have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THRIVE METRO EAST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Advertising

Advertising costs of the Organization are expensed as incurred.

Subsequent Events

The Organization has evaluated subsequent events through March 18, 2022, the date on which the financial statements were available to be issued.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization has historically relied on contributions from the general public for support, revenue, and providing of services. The Organization also has a line of credit with a local bank with favorable terms to assist it in meeting the Organization's cash requirement. It is anticipated that these terms and conditions will continue in the future.

NOTE 3. LEASE REVENUE

The Organization leases part of its office building to an area business. The lease is a one year operating lease with a term of June 1, 2021 to May 31 2022 and rent payments of \$992 per month. The total rent received during the fiscal year ended June 30, 2021 was \$11,907. The following is a schedule by year of future minimum rental payments due to the Organization under the operating lease agreement.

<u>Year ending</u> <u>June 30,</u>	<u>Minimum Lease</u> <u>Payments</u>
2021	\$ 11,387
	<u>\$ 11,387</u>

NOTE 4. ESTIMATES

The Organization uses estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2021, net assets are restricted for the following:

PEACE Ministry	\$ 19,360
Total Net Assets With Donor Restrictions	<u>\$ 19,360</u>

THRIVE METRO EAST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6. PROPERTY AND EQUIPMENT

At June 30, 2021, property and equipment consisted of the following:

Land and Building	\$	287,500
Furniture and Equipment		19,594
Medical Furniture and Equipment		87,332
Improvements		<u>54,315</u>
Total Property and Equipment	\$	448,741
Less: Accumulated Depreciation		<u>(237,528)</u>
Net Property and Equipment	\$	<u>211,213</u>

Depreciation expense for the Organization's assets for the year ended June 30, 2021, was \$19,934.

Depreciation expense of \$1,515 is attributable to the leased property, which represents approximately, \$43,357 of building costs, \$6,509 of the improvement costs, and \$21,560 accumulated depreciation at June 30, 2021.

NOTE 7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of June 30, 2021, the Organization had financial assets of \$122,177 available to meet the cash needs for general expenditures within one year of the balance sheet date. In addition, resources in the form of unrestricted donations are received throughout the year to cover general expenses. The cash and cash equivalents are covered by Federal Deposit insurance.

NOTE 8. INCOME TAXES

The Organization has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization has unrelated debt-financed income from rental property, which requires them to pay an excise tax based on net rental income. No excise tax is due for the year ended June 30, 2021.

The Organization is subject to tax on income from any unrelated business. On July 1, 2009, the Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax positions will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2021.

THRIVE METRO EAST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8. INCOME TAXES - (CONTINUED)

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The open tax years still subject to examination are those years ended June 30, 2018, June 30, 2019, and June 30, 2020. The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

NOTE 9. NOTES PAYABLE

Notes payable at June 30, 2021 consisted of the following:

Mortgage payable to United Community Bank, payable in 216 payments of \$934, maturity date December 2032, collateralized by the building. Interest on the loan is 5.50%. \$ 94,425

Economic Injury Disaster Loan payable to the SBA, with a one-year deferment of payments, payable in 360 monthly payments of \$314, maturity date June 23, 2051. Interest on the loan is 2.75%. This loan includes a \$10,000 forgivable advance. 84,579

On February 26, 2021 the company was granted a loan of \$38,572, pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures on February 26, 2022 and bears interest at a rate of 1.0% per annum. Under the terms of the PPP, the Organization anticipates the loan to be entirely forgiven in the year ended June 30, 2022. 38,572

Line of credit due to United Community Bank for a maximum of \$55,000 collateralized by the building. Interest on the line of credit is at 4%. The loan principal and all accrued unpaid interest will be paid by the maturity date of April 21, 2022. -

Total Notes Payable \$ 217,576

THRIVE METRO EAST

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9. NOTES PAYABLE - (CONTIUED)

Future Maturities of long-term debt at June 30, 2021 are as follows:

<u>June 30,</u>	<u>Total</u>
2022	\$ 46,783
2023	7,916
2024	8,665
2025	9,096
2026-2030	52,748
2031-2035	36,056
2036-2040	13,036
2041-2045	14,955
2046-2050	17,156
2051-2055	<u>11,165</u>
	<u>\$ 217,576</u>

NOTE 10. LEASES

The Organization entered into an operating lease with Great America Financial Services for a copier. The Organization signed a sixty month lease on December 18, 2018. The terms of the lease are for sixty monthly payments of \$108.65. Lease payments for the year ended June 30, 2021, totaled \$1,304.

NOTE 11. MOBILE UNIT

The Knights of Columbus is raising funds for a Mobile Medical Unit. The costs associated with the mobile unit are as follows.

Mobile medical unit	\$ 125,000
Ultrasound unit	36,000
One time set up fees	12,000
Nurse ultrasound training	18,000
Annual operating costs	<u>60,000</u>
Total	<u>\$ 251,000</u>

THRIVE METRO EAST

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12. SIGNIFICANT EVENTS

Since February 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including the United States of America, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods.