MISSION: ST. LOUIS

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2016

SINGLE AUDIT REPORT
AND ADDITIONAL INFORMATION
DECEMBER 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mission: St. Louis
St. Louis, Missouri

We have audited the accompanying consolidated financial statements of *Mission: St. Louis and Subsidiary* (A Missouri Non-Profit Organization and single member LLC), which comprise the consolidated statements of financial position as of December 31, 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2016, 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.

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Other Matters

Additional Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards on Page 16, and consolidating schedules on Pages 27-29 are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017, on our consideration of Mission: St. Louis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mission: St. Louis' internal control over financial reporting and compliance.

Mueller Prost LC

November 3, 2017
St. Louis, Missouri

Certified Public Accountants

MISSION: ST. LOUIS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS

Current Assets		
Cash and cash equivalents	$	230,396
Accounts receivable, net		242,747
Equity securities		36,058
Total Current Assets		509,201
Property and Equipment, Net		54,293
Other Assets		
Inventory		70,444
Security deposits asset		4,615
Total Other Assets		75,059
Total Assets	**$**	**638,553**

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable		9,667
Payroll liabilities		12,870
Total Current Liabilities		22,537
Total Liabilities		22,537
Net Assets		
Unrestricted		454,090
Temporarily restricted		161,926
Total Net Assets		616,016
Total Liabilities and Net Assets	**$**	**638,553**

The notes to consolidated financial statements are an integral part of these statements.

MISSION: ST. LOUIS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Support and Revenue			
Donations and contributions, including in-kind	$ 682,945	$ 50,000	$ 732,945
Program revenue	179,156	-	179,156
Special event revenue, including contributions	312,168	-	312,168
Less: direct benefit to donors	(52,615)	-	(52,615)
Grant revenue	869,237	287,778	1,157,015
Contract income	47,915	-	47,915
Contributions of inventory	284,098	-	284,098
Thrift store sales	243,811	-	243,811
Commission sales	10,024	-	10,024
Other income	2,612	-	2,612
Net assets released from restriction	373,852	(373,852)	-
Total Support and Revenue	2,953,203	(36,074)	2,917,129
Expenses			
Program	2,420,134	-	2,420,134
Management and general	221,054	-	221,054
Fundraising	230,233	-	230,233
Total Expenses	2,871,421	-	2,871,421
Change in Net Assets	81,782	(36,074)	45,708
Net Assets at Beginning of Year	372,308	198,000	570,308
Net Assets at End of Year	**$ 454,090**	**$ 161,926**	**$ 616,016**

The notes to consolidated financial statements are an integral part of these statements.

MISSION: ST. LOUIS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Management and General	Fundraising Expenses	Total
Salaries and Related Expenses				
Salaries and wages	$ 702,014	$ 111,888	$ 144,887	$ 958,789
Payroll taxes	56,160	8,951	10,719	75,830
Payroll processing	9,574	2,065	1,439	13,078
Total Salaries and Related Expenses	767,748	122,904	157,045	1,047,697
Other Expenses				
Cost of goods sold	292,046	-	-	292,046
VISTA	803,154	-	-	803,154
Professional fees	87,140	2,039	605	89,784
Depreciation	3,779	24,404	-	28,183
Travel and meeting	7,598	1,453	95	9,146
Marketing and advertising	768	366	336	1,470
Contract services	12,674	3,515	-	16,189
Auto	9,689	1,398	20	11,107
Repairs and maintenance	14,826	631	-	15,457
Insurance	109,597	5,766	5,475	120,838
Staff training	649	135	90	874
Dues and subscriptions	8,260	6,676	3,875	18,811
Printing and postage	6,110	11,529	7,760	25,399
Supplies	49,578	2,632	7,091	59,301
Telephone and communications	18,118	851	-	18,969
Security	797	437	-	1,234
Bank and credit card fees	233	1,026	15,196	16,455
Bad debt	-	11,361	-	11,361
Rent and utilities	135,828	7,546	7,546	150,920
Information technology	19,470	2,249	-	21,719
Program events	50,755	-	-	50,755
Activities for program participants	12,434	144	-	12,578
Special event fees	-	-	22,292	22,292
Miscellaneous	8,883	13,992	2,807	25,682
Total Other Expenses	1,652,386	98,150	73,188	1,823,724
Total Functional Expenses	**$ 2,420,134**	**$ 221,054**	**$ 230,233**	**$ 2,871,421**

MISSION: ST. LOUIS AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

Cash Flows From Operating Activities		
Increase in Net Assets	$	45,708
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation		28,183
Change in assets - (increase) decrease		
Accounts receivable		(166,820)
Pledges receivable		170,000
Inventory		(22,306)
Change in liabilities - increase (decrease)		
Accounts payable		(260)
Payroll liabilities		12,858
Total Adjustments		21,655
Net Cash Provided by Operating Activities		67,363
Cash Flows From Investing Activity		
Purchase of equity securities		(26,313)
Net Increase in Cash and Cash Equivalents		41,050
Cash and Cash Equivalents - Beginning of Year		189,346
Cash and Cash Equivalents - End of Year	**$**	**230,396**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the consolidated financial statements.

Nature of the Organization

Mission: St. Louis and Revive Thrift Store, LLC (collectively the "Organization") were incorporated in May 2007 and June 2013, respectively in the state of Missouri and Mission: St. Louis is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Revive is a wholly-owned subsidiary of Mission: St. Louis. The Organization's mission is to empower people to transform neighborhoods and provides a faith-based program designed to give members of the community access to opportunities to succeed in all areas of their lives.

Description of Programs

The Organization is structured through three impact areas consisting of education, employment, and housing rehabilitation.

Beyond School
Youth born into under-resourced communities face an achievement/opportunity gap that becomes apparent in middle school and widens in high school. A majority of our students (87.5%) qualify for free or reduced lunch, indicating that students come from low-income households. In 2016, 80% of our students were below grade level in reading (overall average of 1.4 years behind) and 85% of our students are below grade level in math with an overall average of 1.5 years behind. Schools need programs like Beyond School to accelerate student learning and close rather than widen achievement gap. As such, Beyond School is embedded within two local public charter schools: St. Louis College Prep and St. Louis Language Immersion School: The Spanish School. Beyond School targets elementary (3rd-5th), middle (6th-8th) and high school (9th) students in our partner schools, particularly those students who have been identified by parents, guardians or school staff as needing additional attention or interventions to get on track to graduate high school. Our activities focus on three critical areas that studies show point to increased risk for high school dropout: academic achievement, social/emotional learning, and community engagement/enrichment. In 2016, our regularly attending students improved on average 1.7 years in reading, 1.4 years in math, and 1.2 years in science as measured by the NWEA - making exponential gains to get back to grade level. Additionally, 38% of our 8th graders began high school on or above grade level. Because success in high school and beyond is determined by more than just academics, we serve our students holistically by building social/emotional skills and providing community enrichment/engagement experiences that broaden our youth's worldview (30 enrichment classes/activities and 10 community service projects). This past year 88.5% of Beyond School students reported having a positive attitude towards community engagement. These opportunities are provided year-round with the support of over 183 volunteers.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Programs (Continued)

Beyond Jobs
Unemployment and under-employment contributes greatly to the generational cycle of poverty in St. Louis. To address this, Beyond Jobs is a multi-pronged approach to connecting people with employment. We primarily serve men, many of whom come to us either having never been employed or not consistently employed, and 70% of whom have a criminal background, through Beyond Job's flagship program, Job & Leadership Training (JLT). JLT provides a year-long support system that begins with an 8-week intensive phase, focusing on job skills, financial literacy, Biblical manhood, purpose in life, and a professional internship. We partner with 16 internship providers, one of which is our resale shop, Revive Thrift Shop, which trains interns in retail skills, inventory management, woodworking and tool literacy. While only 14% men have employment when starting JLT, 50% are employed one month after graduation and 78% are employed three months after graduation. Further, 98.5% of JLT graduates have avoided new warrants and felonies. For those who come to us job-ready, our employment agency, Hire St. Louis, connects jobseekers directly with employment opportunities. In 2016, 56 men completed internships with 15 internship providers and successfully graduated Job & Leadership Training. A total of 70 volunteers mentored and invested 1,024 hours of their time with our men. Hire St. Louis has placed 28 employees in living-wage positions. In 2016, we had 37 business partners, and all Hire St. Louis employees worked a collective total of 10,505 hours.

Beyond Charity
While education and employment are critical factors in breaking the cycle of poverty, other neighborhood issues also contribute to the generational cycle of poverty in St. Louis. Older adults are important matriarchs and patriarchs of the community. Beyond Charity in comprised of programs that are responsive to needs in the community including Senior Services, service trip opportunities, and community services (Affordable Christmas, Tax Preparation, and VISTA). In 2016, we supported over 600 older adults by providing benefits and resources through Care Coordination and Care Management services. In addition, we partnered with two neighborhood church ministries (SAJE Senior Ministry & South County Senior Ministry) who provide socialization services for seniors. A sturdy neighborhood environment contributes to health and wellness of community members. To address this, we housed a 'tool library' to equip our neighbors with the supplies necessary to maintain and beautify their homes, improving their living conditions. Our community service outreach includes our annual Affordable Christmas store that we set up each December, and a tax return preparation program each spring. This past Christmas we served 228 families and 816 youth through our Affordable Christmas event, and assisted 130 residents with their taxes. Finally, we work with the Corporation for National and Community Service as an intermediary agency for their AmeriCorps*VISTA program. We sub-grant VISTA members to serve at nonprofits across Missouri to address issues of poverty. In 2016, 90 VISTA members served as full-time volunteers for year-long commitments, placed at 23 nonprofits.

The Organization receives donations and grants from private corporations, foundations, individuals, houses of worship, civic organizations, and governmental agencies to provide the aforementioned assistance and services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidated Financial Statements

The consolidated financial statements include the accounts of Mission: St. Louis and Revive Thrift Shop (collectively, the "Organization"). All significant inter-company investments, transactions and account balances have been eliminated in the consolidation.

Basis of Accounting

The consolidated financial statements, prepared in accordance with U.S. generally accepted accounting principles, are presented on the accrual basis of accounting.

Financial Statement Presentation

The Organization has adopted the provisions of the Financial Accounting Standards Board ("FASB") in regard to financial statements of not-for-profit organizations as discussed under this topic of the ASC 958-210, *Financial Statements of Not-For-Profit Organizations*. This provision requires the reporting of total assets, liabilities and net assets in a consolidated statement of financial position, and reporting the change in net assets in a consolidated statement of activities. This provision also requires that net assets, revenue, expenses, gains and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions.

The consolidated financial statements report amounts by classification of net assets, as follows:

Unrestricted Net Assets are those currently available for use by the Organization and its board.

Temporarily Restricted Net Assets are those received with donor stipulations that limit the use of the donated assets. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified as unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes. The Organization did not have any permanently restricted net assets as of December 31, 2016.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenue and expenses during the reporting period including grant and contract revenue subject to review by applicable funding agencies. Accordingly, actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization follows the policy of charging the costs of advertising and marketing to expense as incurred. Advertising and marketing expense was $1,470 for the year ended December 31, 2016.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Supporting services includes management and general of $221,054, which is 8% of total expenses and fundraising of $230,233, which is 8% of total expenses for the year ended December 31, 2016. Collectively, these expenses are 16% of total expenses.

Special Events

The gross revenue for special events includes contributions for the events and event ticket revenue, as presented on the consolidated statement of activities. Expenses for direct benefits provided to donors at the special events are presented as a reduction of the gross revenue.

Cash and Cash Equivalents

Cash and cash equivalents include funds that are unrestricted and temporarily restricted by donors and granting governmental agencies. Short-term investments with maturity dates less than 90 days from the purchase date are considered cash equivalents.

Concentration of Support and Revenue

For the year ended December 31, 2016, the percentage of support and revenue provided by federal, state, and local government agencies was approximately 34%.

Accounts Receivable

Accounts receivable are stated at net realizable amounts from various reimbursable grant contracts.

Management has elected to record bad debts using the direct write-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. The Organization recognized bad debt expense of $11,361 for the year ended December 31, 2016.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

The Organization obtains most of its inventory from public donations and sells the donated merchandise in its retail sales activity. Inventories are carried at the approximate fair value of the items and mostly consist of donated clothing, furniture, and other household items. At times, the Organization may purchase items to sell at the shop. These items are valued at the purchase price. The Organization has not established a reserve for slow-moving inventory as all items are evaluated periodically for additional discounting to expedite sales.

Property and Equipment

Purchased property and equipment are recorded at cost. Major additions and improvements with costs exceeding $2,500 and having a useful life of at least 1 year are capitalized to the property accounts, while repairs and maintenance items, which do not improve or extend the useful life of the respective assets, are expensed as incurred. Donated property and equipment are recorded at the estimated fair market value at time of donation. Depreciation of property and equipment is provided by the straight-line method over the following estimated useful lives:

	Years
Building and Leasehold Improvements	5
Software and Equipment	3-6
Vehicles	7

Donated Services and Materials

Various services and materials are donated to the Organization. Donated materials and donated services that meet the criteria for recognition under the provisions of accounting for contributions received and contributions made in regard to financial statements of not-for-profit organizations as discussed under this topic of the FASB Accounting Standards Codification, have been recorded at fair value at the date of donation. Donated materials amounted to $111,309 for the year ended December 31, 2016.

A substantial number of volunteers have donated significant amounts of their time to the Organization. However, the value of these donated services is not reflected in the accompanying consolidated financial statements since there is no objective basis available by which to measure the value of such services.

Commitments and Contingencies

In the normal course of operations, the Organization participates in a number of federal and state-assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Presently, the Organization has no such request pending, and in the opinion of management, any such amounts would not be considered material.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code and applicable state law. Therefore, there are no provisions for income taxes reflected in these consolidated financial statements.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (“UBIT”). The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2016 and 2015.

The Organization’s information returns for the years ending 2016 (when filed), 2015, 2014 and 2013 are subject to examination by the IRS, generally for 3 years after they were filed.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2016:

Furniture and Equipment	$	47,004
Vehicles		42,887
Building and Improvements		39,354
Leasehold Improvements		33,705
Subtotal		162,950
Less: Accumulated Depreciation		(108,657)
	$	**54,293**

Depreciation amounted to $28,183 for the year ended December 31, 2016.

NOTE 3 LINE-OF-CREDIT

During the year ended December 31, 2016, Revive Thrift Store, LLC had a working capital line-of-credit available through BMO Harris Bank totaling $2,500. The line bears interest at 12.25%. The line is renewed annually. There were no borrowings against the line at December 31, 2016.

NOTE 4 LETTER-OF-CREDIT

During the year ended December 31, 2016, Mission: St. Louis had a working capital letter-of-credit available through FCB Banks totaling $12,924. The line decreases in value at the end of every year through year 5 and expires in 2019. The letter is callable at any time before the expiration date. There were no borrowings against the line at December 31, 2016.

NOTE 5 OPERATING LEASE AGREEMENTS

The Organization leases property under operating leases expiring in various years through 2019. Total lease expense, including related utilities, for the year ended December 31, 2016 was $150,920.

The following table reports the minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of December 31:

2017	$	112,768
2018		120,072
2019		86,136
2020		18,000
Total Minimum Future Rental Payments	**$**	**336,976**

NOTE 6 FAIR VALUE MEASUREMENTS

"FASB Accounting Standards Codification 820-10, Fair Value Measurements and Disclosures" establishes a framework for measuring fair value and establishes a fair value hierarchy based on the inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The standard maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect management's assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. This hierarchy consists of three broad levels:

> Level I – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)

Level II – Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly. Level II inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level III – Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Organization's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Equity securities – foreign and domestic: Valued at the closing price reported in the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while Mission: St. Louis and Subsidiary believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, Mission St. Louis and Subsidiary's investment assets at fair value as of December 31, 2016:

	Level 1	Level 2	Level 3	Total
Equity securities	36,058	-	-	36,058
	$ 36,058	**$ -**	**$ -**	**$ 36,058**

NOTE 7 RELATED PARTY TRANSACTIONS

Donations in the amount of $14,223 were received from the Mission: St. Louis and Subsidiary's board members during the year ended December 31, 2016.

NOTE 8 DONOR CONCENTRATIONS

For the year ended December 31, 2016, consolidated revenue from one grant amounted to 23% of total consolidated revenue and support.

NOTE 9 SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the independent auditors' report, the date the consolidated financial statements were available to be issued.

Management elected to remove the ceiling on the vacation policy to allow employees to accrue an unlimited amount of vacation. All vacation accrued upon employee termination is to be paid. The change took effect on January 1, 2017.

During 2017, the Organization noted that it had overbilled VISTA $47,751 in 2017 relating to cost share that should have paid for the related expenses that were inadvertently billed to VISTA.

MISSION: ST. LOUIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Recipients	Federal Expenditures
Corporation for National And Community Service				
Americorps VISTA	94.013		$ 635,880	$ 635,880
Americorps State	94.013		28,921	28,921
Total CFDA Number 94.013			664,801	664,801
Department of Health and Human Services				
Special Programs for the Aging - Title III, Part B	93.044		-	23,717
Total CFDA Number 94.044			-	23,717
Department of Housing and Urban Development				
Community Development Block Grant Pass-Through from City of St. Louis, Missouri	14.218	16-11-62	-	24,710
Total CFDA Number 14.218			-	24,710
Department of Education				
21st Century Learning Centers Program	84.287C		-	57,508
Total CFDA Number 84.287C			-	57,508
Total Expenditures of Federal Awards			**$ 664,801**	**$ 770,736**

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal financial assistance programs of *Mission: St. Louis* ("Mission"). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The schedule presents only a select portion of the activities of Mission and it is not intended to and does not present the financial position, changes in net assets, or cash flows of Mission.

NOTE 2 BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the Organization did provide federal awards to subrecipients in the form of the use of VISTA and AmeriCorps volunteers.

NOTE 4 NON-CASH ASSISTANCE

Of the federal expenditures presented in the Schedule, Mission did not expend federal awards in the form of non-cash assistance.

NOTE 5 INDIRECT COST RATE

Mission does not utilize an indirect cost rate.

To the Board of Directors
Mission: St. Louis
St. Louis, Missouri

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Mission: St. Louis (a non-profit organization), which comprise the statements of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mission: St. Louis' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mission: St. Louis' internal control. Accordingly, we do not express an opinion on the effectiveness of the Mission: St. Louis' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2016-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mission: St. Louis' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002.

Mission: St. Louis' Response to Findings

Mission: St. Louis' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mission: St. Louis' responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mueller Prost LC

November 3, 2017
St. Louis, Missouri

Certified Public Accountants

To the Board of Directors
Mission: St. Louis
St. Louis, Missouri

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited Mission: St. Louis' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of Mission: St. Louis' major federal programs for the year ended December 31, 2016. Mission: St. Louis' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mission: St. Louis' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mission: St. Louis' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Mission: St. Louis' compliance.

Basis for Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, Mission: St. Louis did not comply with the requirements regarding CFDA 91.013 Americorps as described in findings 2016-001 and 2016-002 for special provisions. Compliance with such requirements is necessary, in our opinion, for Mission: St. Louis to comply with the requirements applicable to that program.

Qualified Opinion

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Mission: St. Louis complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

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Other Matters

Mission: St. Louis' response to the non-compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mission: St. Louis' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Mission: St. Louis is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mission: St. Louis' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mission: St. Louis' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance, that we consider to be a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a significant deficiency

Mission: St. Louis' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Mission: St. Louis' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mueller Prost LC

November 3, 2017
St. Louis, Missouri

Certified Public Accountants

MISSION: ST. LOUIS
SUMMARY SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the consolidated financial statements of *Mission: St. Louis and Subsidiary.*

2. No material weaknesses were disclosed during the audit of the financial statements of *Mission: St. Louis*, and reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. Significant deficiencies over compliance were noted.

3. Instances of non-compliance material to the consolidated financial statements of *Mission: St. Louis and Subsidiary*, were disclosed during the audit as noted in the schedule of findings and questioned costs.

4. No material weaknesses were identified during the audit of the major federal award programs.

5. The auditors' report on compliance for the major federal award programs for *Mission: St. Louis and Subsidiary* expresses a modified opinion on the major federal program.

6. The audit disclosed two audit findings that are required to be reported in accordance with section 510(a) of the *OMB Uniform Guidance*.

7. The programs tested as major programs included:

	CFDA Number
Corporation for National and Community Service:	
Americorps VISTA Program	94.013

8. The threshold for distinguishing Type A and Type B programs was $750,000.

9. *Mission: St. Louis and Subsidiary* was determined to be a high-risk auditee.

MISSION: ST. LOUIS
SUMMARY SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Finding 2016-001

Population Size: 26
Items Tested: 20
Items Not in Compliance: 5
CFDA Title and number: Corporation for National and Community Service CFDA No. 94.013 Americorps VISTA Program

Questioned costs: $12,141.

Information on universe and population size: Controls over monitoring the Organization's VISTA draw down reports are pervasive to the financial statements as a whole. 26 bi-weekly draw down reports to CNCS.

Sample size information: 20 bi-weekly draw down reports to CNS.

Non-compliance information: Lack of controls over monitoring the Organization's VISTA billing reconciliation caused five quantifiable instances of noncompliance.

Statement of Condition: Controls over monitoring of the Organization's VISTA draw down reports as a whole were not adequately designed and implemented during the year ending December 31, 2016. The reports were not fully reconciled to the general ledger and amounts were also miscoded on the general ledger.

Criteria: The VISTA program requires that reimbursements be based upon actual expenditures incurred.

Effect or Possible Effect: Controls over monitoring of the Organization's VISTA draw down reports as a whole were not adequately designed and implemented, to allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the Organization's VISTA draw down reports and related billing. The Organization has over-requested amounts for reimbursement per the terms of this agreement.

Cause*:* The accounting responsibilities turned over in 2016 and the Organization had not maintained accurate draw down reports to correctly calculate amounts for reimbursement.

Recommendation: Mueller Prost LC recommends that the Organization implement more through reviews to be completed before requests for reimbursement are submitted. The reviews should include reconciliation to the general ledger and recalculation of the amounts in the draw down reports,

Reporting views of responsible officials: Management agrees with this finding and they feel that their ability to comply with this requirement through the year was impacted by staff turnover. The over billed amount was repaid with a check dated November 2, 2017.

MISSION: ST. LOUIS
SUMMARY SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Finding 2016-002

Population Size: 1
Items Tested: 1
Items Not in Compliance: 1
CFDA Title and number: Corporation for National and Community Service CFDA No. 94.013 Americorps VISTA Program.

Questioned costs: There are no questioned costs associated with this finding.

Information on universe and population size: Universe population size is not applicable to this finding.

Sample size information: Error was not discovered as a result of a sampling procedure.

Non-compliance information: The Organization not filing audited financial statements by the required due date caused one instance of noncompliance.

Statement of condition: The Organization was not able to file audited financial statements with OMB Circular Audit Clearinghouse ("Clearinghouse") by the required due date.

Criteria: In accordance with Uniform Guidance, The Organization is required to submit audited financial statements the lessor of 9 months after the end of year or 30 days after issuance of financial statements.

Effect or potential effect: The audited financial statements were not filed by the Clearinghouse due date.

Cause: The accounting responsibilities transitioned in 2016.

Recommendation: Mueller Prost LC recommends that the Organization file the audited financial statements with the Clearinghouse as soon as possible.

Reporting views of responsible officials: The Organization agrees with the finding, conclusion, and recommendation.

Name of Audit Firm: Mueller Prost LC
Corrective Action Plan prepared by:
Name: Andrew Hansen
Position: Senior V.P. of Operations & Finance
Telephone Number: 314-534-1188

Finding 2016-001

Comments on Finding and each Recommendation: Mission: St. Louis agrees with the finding.

Actions Taken or Planned: Mission: St. Louis continues to hire and train accounting staff and change responsibilities and has implemented periodic monitoring of Mission: St. Louis' VISTA billing to assure the reports are reviewed and reconciled to the general ledger prior to submitting.

Finding 2016-002

Comments on Finding and each Recommendation: Mission: St. Louis agrees with the finding.

Actions Taken or Planned: The audited financial statements will be filed with the Clearinghouse as soon as possible.

MISSION: ST. LOUIS AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2016

	Mission St. Louis	Revive Thrift Store	Eliminations	Total
ASSETS				
Current Assets				
Cash and cash equivalents	$ 214,955	$ 15,441	$ -	$ 230,396
Accounts receivable, net	242,747	-	-	242,747
Accounts receivable - intercompany	58,605	-	(58,605)	-
Equity securities	36,058	-	-	36,058
Total Current Assets	552,365	15,441	(58,605)	509,201
Property and Equipment, Net	35,991	18,302	-	54,293
Other Assets				
Inventory	-	70,444	-	70,444
Security deposits asset	800	3,815	-	4,615
Total Other Assets	800	74,259	-	75,059
Total Assets	**$ 589,156**	**$ 108,002**	**$ (58,605)**	**$ 638,553**
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable	$ 5,971	$ 3,696	$ -	$ 9,667
Payroll liabilities	12,870	-	-	12,870
Due to Mission: St. Louis	-	58,605	(58,605)	-
Total Current Liabilities	18,841	62,301	(58,605)	22,537
Total Liabilities	18,841	62,301	(58,605)	22,537
Net Assets				
Unrestricted	408,389	45,701	-	454,090
Temporarily restricted	161,926	-	-	161,926
Total Net Assets	570,315	45,701	-	616,016
Total Liabilities and Net Assets	**$ 589,156**	**$ 108,002**	**$ (58,605)**	**$ 638,553**

MISSION: ST. LOUIS AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Mission St. Louis	Revive Thrift Store	Total
Support and Revenue			
Donations and contributions, including in-kind	$ 732,945	$ -	$ 732,945
Program revenue	179,156	-	179,156
Special event revenue, including contributions	312,168	-	312,168
Less: direct benefit to donors	(52,615)	-	(52,615)
Grant revenue	1,157,015	-	1,157,015
Contract income	47,915	-	47,915
Contributions of inventory	-	284,098	284,098
Thrift store sales	-	243,811	243,811
Commission sales	-	10,024	10,024
Other income	2,612	-	2,612
Total Support and Revenue	2,379,196	537,933	2,917,129
Total Expenses	2,348,173	523,248	2,871,421
Change in Net Assets	31,023	14,685	45,708
Net Assets at Beginning of Year	539,292	31,016	570,308
Net Assets at End of Year	**$ 570,315**	**$ 45,701**	**$ 616,016**

MISSION: ST. LOUIS AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Mission St. Louis	Revive Thrift Store	Total
Expenses			
Salaries and wages	$ 865,057	$ 93,732	$ 958,789
Payroll taxes	66,539	9,291	75,830
Payroll Processing	11,619	1,459	13,078
Cost of goods sold	-	292,046	292,046
VISTA	803,154	-	803,154
Professional fees	81,859	7,925	89,784
Depreciation	18,810	9,373	28,183
Travel and meeting	6,310	2,836	9,146
Marketing and advertising	746	724	1,470
Contract services	14,954	1,235	16,189
Auto	4,785	6,322	11,107
Repairs and maintenance	14,694	763	15,457
Insurance	119,709	1,129	120,838
Staff training	874	-	874
Dues and subscriptions	17,947	864	18,811
Printing and postage	22,666	2,733	25,399
Supplies	51,696	7,605	59,301
Telephone and communications	17,940	1,029	18,969
Security	437	797	1,234
Bank and credit card fees	11,715	4,740	16,455
Bad debt	11,361	-	11,361
Rent and utilities	75,114	75,806	150,920
Information technology	21,112	607	21,719
Program events	50,659	96	50,755
Activities for program participants	12,578	-	12,578
Special event fees	22,292	-	22,292
Miscellaneous	23,546	2,136	25,682
Total Expenses	**$ 2,348,173**	**$ 523,248**	**$ 2,871,421**