MISSION: ST. LOUIS
(A NONPROFIT ORGANIZATION)

CONSOLIDATED FINANCIAL STATEMENTS, SUPPLEMENTAL INFORMATION AND INDEPENDENT AUDITORS' REPORT WITH ACCOMPANYING SINGLE AUDIT AND THE UNIFORM GUIDANCE REPORTS

FOR THE YEAR ENDED
DECEMBER 31, 2018

Mission: St. Louis

CONTENTS

Schmersahl Treloar & Co.
Certified Public Accountants

Independent Auditors' Report

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

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Mission: St. Louis (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2018, 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 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 and standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 consolidated financial statements. The procedures selected depend on the auditors' 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mission: St. Louis as of December 31, 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.

Other Matters

Compliance Reporting and Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position on page 19 and the consolidating schedule of activities on page 20 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. 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*, is presented for purposes of additional analysis and is also 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 September 23, 2019, 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 solely 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 the effectiveness of Mission: St. Louis' 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.

Schmersahl Treloar & Co., PC

St. Louis, Missouri
September 23, 2019

CONSOLIDATED FINANCIAL STATEMENTS

MISSION: ST. LOUIS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 185,931
Accounts receivable, net	638,982
Pledges receivable	11,780
Total Current Assets	836,693
INVESTMENTS	140,000
OTHER ASSETS	800
PROPERTY AND EQUIPMENT, NET	32,261
TOTAL ASSETS	$ 1,009,754

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	$ 10,398
Accrued vacation and expenses	101,807
Other liabilities	16,245
Total Current Liabilities	128,450
NET ASSETS	
Without donor restrictions	
Undesignated	380,266
Net investment in property and equipment	32,261
Total Net Assets Without Donor Restrictions	412,527
With donor restrictions	
Purpose restrictions	95,887
Time-restricted for future periods	372,890
Total Net Assets With Donor Restrictions	468,777
Total Net Assets	881,304
TOTAL LIABILITIES AND NET ASSETS	$ 1,009,754

See accompanying notes to consolidated financial statements

MISSION: ST. LOUIS
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Donations and contributions, including in-kind	$ 1,072,253	$ 17,380	$ 1,089,633
Program revenue	96,997	-	96,997
Special event revenue, net of direct benefits to donors	420,049	-	420,049
Grant revenue	822,163	1,577,387	2,399,550
Contract income	7,685	-	7,685
Contributions of inventory	78,685	-	78,685
Thrift store sales	116,729	-	116,729
Investment income	1,891	-	1,891
Loss on disposal of fixed assets	(6,474)	-	(6,474)
Other income	5,180	-	5,180
Net assets released from restrictions	1,457,440	(1,457,440)	-
Total Revenue	4,072,598	137,327	4,209,925
EXPENSES			
Program Services	3,000,140	-	3,000,140
Management and general	512,515	-	512,515
Fundraising	432,908	-	432,908
Total Expenses	3,945,563	-	3,945,563
CHANGE IN NET ASSETS	127,035	137,327	264,362
NET ASSETS, Beginning of year	285,492	331,450	616,942
NET ASSETS, End of year	$ 412,527	$ 468,777	$ 881,304

MISSION: ST. LOUIS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018

	Program Services	Management and General	Fund-Raising	Cost of Direct Benefits to Donors	Total
EXPENSES					
Salaries and wages	$ 1,242,943	$ 198,103	$ 256,527	$ -	$ 1,697,573
Employee benefits	141,875	22,612	29,281	-	193,768
Payroll taxes	81,640	13,012	16,849	-	111,501
Total Salaries and Related Expenses	1,466,457	233,727	302,658	-	2,002,842
Auto	9,586	1,383	20	-	10,989
Bad debt	-	29,760	-	-	29,760
Bank and credit card fees	270	1,196	17,710	-	19,176
Contract services	74,244	20,587	-	-	94,831
Cost of goods sold	125,910	-	-	-	125,910
Depreciation	17,623	2,740	991	-	21,353
Dues and subscriptions	9,808	7,925	4,600	-	22,332
Equipment rental	17,808	771	-	-	18,579
Grant expenditures	810,458	-	-	-	810,458
Information technology	3,834	443	-	-	4,277
Insurance	23,105	3,592	1,299	-	27,996
Marketing and advertising	5,242	2,494	2,288	-	10,024
Miscellaneous	27,109	42,704	8,569	-	78,383
Payroll processing	15,919	3,434	2,392	-	21,744
Penalties and fees	8	35	515	-	558
Printing and postage	27,094	4,212	1,523	-	32,829
Professional fees	20,316	111,207	17,408	-	148,931
Program events	63,550	-	-	-	63,550
Rent and utilities	151,293	23,520	8,506	-	183,319
Repairs and maintenance	16,096	2,502	905	-	19,503
Security	392	215	-	-	607
Special event fees	-	-	50,698	58,555	109,253
Staff training	6,019	936	338	-	7,293
Supplies	50,770	9,167	10,577	-	70,514
Telephone	27,312	4,246	1,536	-	33,094
Travel and meeting	29,916	5,721	376	-	36,013
Total Expenses before Cost of Direct Benefit to Donors	3,000,140	512,515	432,908	58,555	4,004,118
Less: Cost of Direct Benefit to Donors	-	-	-	(58,555)	(58,555)
TOTAL FUNCTIONAL EXPENSES	$ 3,000,140	$ 512,515	$ 432,908	$ -	$ 3,945,563

See accompanying notes to consolidated financial statements

MISSION: ST. LOUIS
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 264,362
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:	
Depreciation	21,353
Loss on disposal of property and equipment	6,474
Bad debt	29,760
Donated securities	(490,251)
Proceeds from the sale of donated securities	546,504
(Increase) decrease in assets:	
Accounts receivable	(359,032)
Pledges receivable	1,520
Inventory	38,044
Other assets	3,815
Increase (decrease) in liabilities:	
Accounts payable	(69,138)
Accrued vacation and expenses	75,070
Other liabilities	10,544
Net Change in Cash and Cash Equivalents from Operating Activities	79,025
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(31,854)
Purchases of investments	(140,000)
Net Change in Cash and Cash Equivalents from Investing Activities	(171,854)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(92,829)
CASH AND CASH EQUIVALENTS, Beginning of year	278,760
CASH AND CASH EQUIVALENTS, End of year	$ 185,931
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:	
Cash paid during the year for:	
Interest expense	$ 538

See accompanying notes to consolidated financial statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mission: St. Louis and Revive Thrift Store, LLC (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 was a wholly-owned subsidiary of Mission: St. Louis. The Organization's mission is to empower people to transform neighborhoods and provides a program designed to give members of the community access to opportunities to succeed in all areas of their lives. Revive Thrift Store, LLC ceased operations effective October 6, 2018.

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 (76%) qualify for free or reduced lunch, indicating that students come from low-income households. In 2018, Beyond School ("BS") served 154 students in two charter schools: SCP and SLLIS. At the beginning of the year, 51% of BS students were below grade level in reading, 56% below in science, and 85% were below grade level in math. Of the programs regularly attending students, 60% show improvement in test scores in all categories. Teachers reported differences in BS students' academic performance and behavior choices in the classroom. At least 78% demonstrate that they have developed social skills (e.g., interpersonal communication, conflict resolution) as measured by the PROPS, ThinkSlip data, and school referral data. In addition to engaging the school staff, we also engage with family weekly. In 2018, we increased our family engagement by 12% in student activities from the previous year for a total of 107 parents/guardians. Parents expressed satisfaction with the rate of growth of their children and appreciated the varied experiences students receive. These experiences are provided through enrichment opportunities such as aerospace, dance, cooking, martial arts, field trips, and visual arts. Student-led community services activities are also offered (30 in 2018). These collaborative and interactive activities allow students to explore possibilities for future careers, constructive hobbies, and encourage them to be community-oriented.

A. 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. Overwhelmingly, we have found a majority of people within our community lack both the hard and soft skills to be job ready. To address this, Job & Leadership Training (JLT) provides job training, leadership development, relational accountability, and employment opportunities. In 2018, students averaged a 57% drop out rate, 99% lived below the poverty level, 86% were African American, 73% were justice-involved, and 92% were unemployed at the time of orientation. We encourage students to realize their inherent value so that they can also recognize the value of community and their ability to be positive influencers within it. Employment drastically decreases students' chances of recidivism and increases their access to healthcare, nutritious food, childcare, housing and transportation. Students move from survival mode to a stable and safe circumstance. JLT provides 14 months of support that begins with an 8-week intensive phase that focuses on job skills, financial literacy, manhood, and an internship. We collaborate with 20 employers who provide internship opportunities for on-the-job training to develop necessary skills. In 2018, 70 men graduated Job & Leadership Training, 119 men gained employment during Phase II, and 40% were able to maintain consistent employment 6 months post-program. A total of 57 volunteers mentored and invested their time and energy in the program. Hire St. Louis placed 16 of graduates into living-wage positions.

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 is comprised of programs that are responsive to needs in the community, including Senior Services, AMP (service trip opportunities), Home Repair, and community services (Affordable Christmas, Tax Prep, and VISTA). In 2018, we supported 665 older adults through benefits assistance and case management. Our social worker had 670 appointments and saved them $569,977. A stable neighborhood environment contributes to health and wellness of community members. In 2018, our AMP program mobilized 1,062 volunteers who completed 6,914 hours of service in our empowerment programs. We increased housing safety and decreased housing cost burden for 165 for low income homeowners through Home Repair programming. This past Christmas we served 302 families and 1,082 youths with the support of 324 volunteers through our Affordable Christmas event. Finally, we work with the Corporation for National and Community Service as an intermediary agency for AmeriCorps VISTA. We sub-grant VISTA members to serve at nonprofits across Missouri to address issues of poverty. In 2018, 103 VISTA members served as full-time volunteers for year-long commitments, placed at 41 sites.

A. 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 Store (collectively, the "Organization"). All significant inter-company investments, transactions and account balances have been eliminated in the consolidation.

Basis of Accounting

The accompanying consolidated 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.

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.

Change in Accounting Principle

In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Organization has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the consolidated financial statements:

- Unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The consolidated financial statements include a disclosure about liquidity and availability of financial assets (Note J).
- Investment expenses are included in net investment return.

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

Functional Allocation of Expenses

The Consolidated Statement 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. The expenses that are allocated include: depreciation, insurance, rent and utilities, telephone, and certain repairs and maintenance expenses which are allocated on an estimated square footage basis; salaries, employee benefits, payroll taxes, and staff training are allocated on personnel time and effort; and certain other expenses have been allocated among program services, management and general, and fundraising on the basis of time and effort.

Use of Estimates

The preparation of 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 certain reported amounts and disclosures. Actual results may differ from these estimates.

Financial Instruments

The following methods and assumptions were used by the Organization in estimating its fair value disclosure for the consolidated financial statements:

The carrying amount of cash and cash equivalents, accounts receivable, pledges receivable, other assets, accounts payable, accrued vacation and expenses, and other liabilities reported in the Consolidated Statement of Financial Position approximate fair value because of the short-term maturities of those instruments.

Cash and Cash Equivalents

For purposes of the Consolidated Statement 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.

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

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 $29,760 in bad debt expense for the year ended December 31, 2018.

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 store. 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. There was no inventory balance at December 31, 2018 due to Revive Thrift Store, LLC ceasing operations during 2018.

Property and Equipment

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

Building and leasehold improvements	5 Years
Software and equipment	3 – 6 Years
Vehicles	7 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.

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

Investments

The Organization carries investments in marketable securities with readily determinable fair values at their quoted fair values in the Consolidated Statement of Financial Position. Net unrealized and realized gains are included in the accompanying Statement of Activities.

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 Consolidated Statement of Financial Position.

Revenue Recognition

Contributions are recognized when the donor makes a pledge to give the Organization that is, in substance, unconditional. Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor restricted contributions and grants whose restrictions are met are recorded in the net assets with donor restrictions class for restrictions expiring during the year and transferred to the without donor restriction class as releases from restrictions.

Concentration of Support and Revenue

For the year ended December 31, 2018, the percentage of support and revenue provided by federal, state and local government agencies was approximately 55%.

Donated Property, Materials, and Services

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 consolidated 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 $78,685 for the year ended December 31, 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.

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

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.

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 2015 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.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 23, 2019, the date the consolidated financial statements were available to be issued.

B. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2018
Furniture and equipment	$ 37,460
Vehicles	61,211
Building and leasehold improvements	2,500
	101,171
Less: Accumulated depreciation	(68,910)
Total Property and Equipment, net	$ 32,261

For the year ended December 31, 2018, depreciation expense was $21,353.

C. INVESTMENTS

The Organization's investments are stated at fair value and consist of a certificate of deposit and equity securities.

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

	Cost	Fair Value	Unrealized Appreciation
Certificate of deposit	$140,000	$140,000	$ -
Total investments	$140,000	$140,000	$ -

D. FAIR VALUE MEASUREMENTS

The Organization has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities including investments in certain hedge funds, commodities, managed futures, private equity, and real estate strategies.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

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

	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Certificate of deposit	$140,000	$ -	$140,000	$ -
Total	$140,000	$ -	$140,000	$ -

E. LINE OF CREDIT

During the year ended December 31, 2018, Mission: St. Louis entered into a line-of-credit agreement with a local bank totaling $140,000. The line expired on March 26, 2019 and had an interest rate of 2.45%. The line was renewed subsequent to year end with an interest rate of 4.09% expiring on April 1, 2020. There were no borrowings against the line at December 31, 2018.

During the year ended December 31, 2018, Revive Thrift Store, LLC had a working capital line-of-credit available through a local bank totaling $2,500. The line had an interest rate of 12.25%. There were no borrowings against the line at December 31, 2018. Mission: St. Louis allowed the line to expire in 2018.

F. NET ASSETS WITH DONOR RESTRICTIONS

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

	2018
Subject to expenditure for specific purpose:	
Program Activities	
North City Wellness	$ 89,887
Job training	6,000
	95,887
Subject to passage of time:	
For periods after December 31	372,890
Total Net Assets with Donor Restrictions	$468,777

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.

G. 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:

	2018
Purpose restrictions accomplished	
North City Wellness	$ 41,655
Keeping Seniors Safe at Home	40,000
Job training	16,364
Time restrictions expired	
Passage of time	1,359,421
Total Net Assets Released from Restrictions	$1,457,440

H. OPERATING LEASE AGREEMENTS

The Organization leases property under operating leases expiring in various years through 2020. Total lease expense, including related utilities was $161,651 for the year ended December 31, 2018. On December 31, 2018, the Organization began subleasing a portion of the building under a three year sublease. Under this sublease, the Organization will receive between $450 and $500 a month.

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:

2019	$72,000
2020	18,000
Total	$90,000

I. RELATED PARTY TRANSACTIONS

Donations in the amount of $34,425 were received from Mission: St. Louis' board members during the year ended December 31, 2018.

J. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization receives revenue from government contracts along with contributions with and without restrictions by donors, and considers all government contracts and contributions, 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.

The Organization's financial assets available within one year of the Consolidated Statement of Financial Position date for general expenditures are as follows:

	2018
Cash and cash equivalents	$185,931
Accounts receivable	638,982
Pledges receivable	11,780
Investments	140,000
Total financial assets	$976,693
Less amounts not available to be used within one year:	
Donor-restricted for purpose	95,887
Total financial assets not available to be used within one year	95,887
Financial assets available to meet cash needs for general expenditures within one year	$880,806

As more fully described in Note E, the Organization also has a committed line of credit in the amount of $140,000, which it could draw upon in the event of an unanticipated liquidity need.

SUPPLEMENTAL

INFORMATION

MISSION: ST. LOUIS
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2018

ASSETS

	Mission St. Louis	Revive Thrift Store	Intercompany Eliminations	Consolidated Information
CURRENT ASSETS				
Cash and cash equivalents	$ 185,931	$ -	$ -	$ 185,931
Accounts receivable, net	638,982	-	-	638,982
Pledges receivable	11,780	-	-	11,780
Total Current Assets	836,693	-	-	836,693
INVESTMENTS	140,000	-	-	140,000
OTHER ASSETS	800	-	-	800
PROPERTY AND EQUIPMENT, NET	32,261	-	-	32,261
TOTAL ASSETS	$ 1,009,754	$ -	$ -	$ 1,009,754

LIABILITIES AND NET ASSETS

	Mission St. Louis	Revive Thrift Store	Intercompany Eliminations	Consolidated Information
CURRENT LIABILITIES				
Accounts payable	$ 10,398	$ -	$ -	$ 10,398
Accrued vacation and expenses	101,807	-	-	101,807
Custodial funds	16,245	-	-	16,245
Total Current Liabilities	128,450	-	-	128,450
NET ASSETS				
Without donor restrictions				
Undesignated	380,266	-	-	380,266
Net investment in property and equipment	32,261	-	-	32,261
Total Net Assets Without Donor Restrictions	412,527	-	-	412,527
With donor restrictions				
Purpose restrictions	95,887	-	-	95,887
Time-restricted for future periods	372,890	-	-	372,890
Total Net Assets With Donor Restrictions	468,777	-	-	468,777
Total Net Assets	881,304	-	-	881,304
Total Liabilities and Net Assets	$ 1,009,754	$ -	$ -	$ 1,009,754

See accompanying notes to consolidated financial statements

MISSION: ST. LOUIS
CONSOLIDATING SCHEDULE OF ACTIVITIES
Year Ended December 31, 2018

	Mission St. Louis	Revive Thrift Store	Intercompany Eliminations	Consolidated Information
PUBLIC SUPPORT AND REVENUE				
Donations and contributions, including in-kind	$ 1,089,633	$ -	$ -	$ 1,089,633
Program revenue	96,997	-	-	96,997
Special event revenue, net of direct benefits to donors	420,049	-	-	420,049
Grant revenue	2,399,550	-	-	2,399,550
Contract income	7,685	-	-	7,685
Contributions of inventory	-	78,685	-	78,685
Thrift store sales	-	116,729	-	116,729
Investment income	1,891	-	-	1,891
Loss on disposal of fixed assets	(4,577)	(1,897)	-	(6,474)
Other income	5,180	-	-	5,180
Total Revenue	4,016,408	193,517	-	4,209,925
EXPENSES				
Auto	10,417	572	-	10,989
Bad debt	29,760	-	-	29,760
Bank and credit card fees	19,176	-	-	19,176
Contract services	94,137	694	-	94,831
Cost of goods sold	-	125,910	-	125,910
Depreciation	14,322	7,031	-	21,353
Dues and subscriptions	22,332	-	-	22,332
Employee benefits	183,437	10,331	-	193,768
Equipment rental	18,579	-	-	18,579
Grant expenditures	810,458	-	-	810,458
Information technology	4,277	-	-	4,277
Insurance	27,996	-	-	27,996
Marketing and advertising	10,024	-	-	10,024
Miscellaneous	76,930	1,453	-	78,383
Payroll processing	21,218	526	-	21,744
Payroll taxes	104,596	6,905	-	111,501
Penalties and fees	558	-	-	558
Printing and postage	32,829	-	-	32,829
Professional fees	144,568	4,363	-	148,931
Program events	62,812	738	-	63,550
Rent and utilities	109,533	73,786	-	183,319
Repairs and maintenance	18,703	800	-	19,503
Salaries and wages	1,642,289	55,284	-	1,697,573
Security	607	-	-	607
Special event fees	50,698	-	-	50,698
Staff training	7,293	-	-	7,293
Supplies	67,998	2,516	-	70,514
Telephone	31,041	2,053	-	33,094
Travel and meeting	35,364	649	-	36,013
Total Expenses	3,651,952	293,611	-	3,945,563
Change in Net Assets	364,456	(100,094)	-	264,362
NET ASSETS, Beginning of year	719,306	(102,364)		616,942
TRANSFERS	(202,458)	202,458		-
NET ASSETS, End of year	$ 881,304	$ -		$ 881,304

See accompanying notes to consolidated financial statements

COMPLIANCE

REPORTING

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

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

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

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 consolidated financial statements of Mission: St. Louis (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 consolidated 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Schmersahl Treloar & Co., PC

St. Louis, Missouri
September 23, 2019

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

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

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

Report on Compliance for Each Major Federal Program

We have audited Mission: St. Louis (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's 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 Organization's 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization's 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 the Organization's internal control over compliance.

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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Schmersahl Treloar & Co., PC

St. Louis, Missouri
September 23, 2019

Mission: St. Louis
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2018

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Corporation for National and Community Service			
Americorps VISTA	94.013		$ 799,082*
Passed through Missouri Community Service Commission			
Americorps State	94.006	18AC206834	146,232
Subtotal – Corporation for National and Community Service			945,314
Department of Health and Human Services			
Special Programs for the Aging – Title III, Part B	93.044		88,300
Department of Housing and Urban Development			
Passed through the City of St. Louis, Missouri			
Community Development Block Grant	14.218	18-36-62	414,611*
Department of Education			
21st Century Learning Centers Program	84.287		195,443
Total Expenditures of Federal Awards			$1,643,668

* Denotes major program

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Mission: St. Louis under programs of the federal government for the year ended December 31, 2018. 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)*. Because the Schedule presents only a selected portion of operations of Mission: St. Louis, it is not intended to and does not present the financial position, changes in net assets or cash flows of Mission: St. Louis.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. OTHER UNIFORM GUIDANCE INFORMATION

For the year ended December 31, 2018, Mission: St. Louis had no expenditures in the form of noncash assistance, no sub-recipients, no federally provided insurance in effect, and no loans or loan guarantees outstanding. Mission: St. Louis elected not to use the 10% *de minimis* indirect cost rate.

Mission: St. Louis
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2018

Section 1 – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified?	___ Yes	_X_ None reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards:

Internal control over major federal programs:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified?	___ Yes	_X_ None reported
Type of auditor's report issued on compliance for major federal programs: unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ No
Identification of major federal programs:		
CFDA Number(s)	Name of federal program or cluster	
94.013	Americorps VISTA Program	
14.218	Community Development Block Grant	
Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as a low-risk auditee?	___ Yes	_X_ No

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Summary Schedule of Current Audit Findings:

None

Summary Schedule of Prior Audit Findings:

None

Section 3 – Federal Award Findings and Questioned Costs

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Summary Schedule of Current Audit Findings:

None

Summary Schedule of Prior Audit Findings:

Finding 2017-001 – Corporation for National and Community Service CFDA No. 94.013 Americorps Vista Program

Condition – Mission: St. Louis did not have a clear understanding of the VISTA Grant Award Terms and conditions, which includes the reimbursement requests process as it pertained to the reimbursable expenses for the year ending December 31, 2017. The approved amounts for cost share were not being used in calculation of the reimbursable portion from VISTA. Mission: St. Louis' accounting policies were in draft status and needed to be written and finalized to include approval, forms and due dates.

Recommendation – The prior auditor recommended that Mission: St. Louis review and discuss calculation processes with the granting agency to ensure proper understanding of how costs are to be reimbursed and develop a standard operating procedure document to provide the needed information for the fiscal operations of the VISTA program. The reviews should include a comparison to the most recent cost sharing agreement. If a new cost sharing agreement is signed, draw down reports should immediately be updated.

Current Status – Cleared.

Mission: St. Louis
CORRECTIVE ACTION PLAN
Year Ended December 31, 2018

Current Finding Number	Comment	Corrective Action Plan	Anticipated Date of Completion
None reported			