# MISSION: ST. LOUIS
# (A NONPROFIT ORGANIZATION)

## FINANCIAL STATEMENTS,
## SUPPLEMENTAL INFORMATION,
## AND INDEPENDENT AUDITORS' REPORT
## WITH ACCOMPANYING SINGLE AUDIT AND
## THE UNIFORM GUIDANCE REPORTS
## FOR THE YEAR ENDED
## DECEMBER 31, 2020

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 Financial Statements**
We have audited the accompanying financial statements of Mission: St. Louis (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**
Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

(314) 966-2727 • fax (314) 966-6464 • 10805 Sunset Office Drive, Suite 400 • St. Louis, MO 63127 • e-mail: stcpa@stcpa.com

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mission: St. Louis as of December 31, 2020, 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.

***Other Matters***

*Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 August 27, 2021 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
August 27, 2021

# FINANCIAL STATEMENTS

# MISSION: ST. LOUIS
## STATEMENT OF FINANCIAL POSITION
December 31, 2020

### ASSETS

| | |
|---|---|
| **CURRENT ASSETS** | |
| Cash and cash equivalents | $ 738,260 |
| Accounts receivable, net | 551,600 |
| Pledges receivable | 23,992 |
| Total Current Assets | 1,313,852 |
| INVESTMENTS | 140,000 |
| OTHER ASSETS | 27,164 |
| PROPERTY AND EQUIPMENT, NET | 418,421 |
| TOTAL ASSETS | $ 1,899,437 |

### LIABILITIES AND NET ASSETS

| | |
|---|---|
| **CURRENT LIABILITIES** | |
| Accounts payable | $ 29,531 |
| Accrued expenses | 183,561 |
| Other liabilities | 134,272 |
| Total Current Liabilities | 347,364 |
| **NET ASSETS** | |
| Without donor restrictions | |
| Undesignated | 1,109,660 |
| Net investment in property and equipment | 418,421 |
| Total Net Assets Without Donor Restrictions | 1,528,081 |
| With donor restrictions | |
| Time-restricted for future periods | 23,992 |
| Total Net Assets With Donor Restrictions | 23,992 |
| Total Net Assets | 1,552,073 |
| TOTAL LIABILITIES AND NET ASSETS | $ 1,899,437 |

See accompanying notes to financial statements

# MISSION: ST. LOUIS
## STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| PUBLIC SUPPORT AND REVENUE | | | |
| Donations and contributions, including in-kind | $ 1,480,482 | $ 23,992 | $ 1,504,474 |
| Program revenue | 49,174 | - | 49,174 |
| Special event revenue, net of direct benefits to donors | 431,178 | - | 431,178 |
| Grant revenue | 4,068,730 | - | 4,068,730 |
| Contract revenue | 22,403 | - | 22,403 |
| Investment income | 5,486 | - | 5,486 |
| Other income | 250,186 | - | 250,186 |
| Net assets released from restrictions | 12,800 | ( 12,800) | - |
| Total Revenue | 6,320,439 | 11,192 | 6,331,631 |
| EXPENSES | | | |
| Program Services | 4,352,443 | - | 4,352,443 |
| Management and general | 573,626 | - | 573,626 |
| Fundraising | 546,283 | - | 546,283 |
| Total Expenses | 5,472,352 | - | 5,472,352 |
| CHANGE IN NET ASSETS | 848,087 | 11,192 | 859,279 |
| NET ASSETS, Beginning of year | 679,994 | 12,800 | 692,794 |
| NET ASSETS, End of year | $ 1,528,081 | $ 23,992 | $ 1,552,073 |

See accompanying notes to financial statements

# MISSION: ST. LOUIS
## STATEMENT OF FUNCTIONAL EXPENSES
### For the Year Ended December 31, 2020

| | Program Services | Management and General | Fund-Raising | Cost of Direct Benefits to Donors | Total |
|---|---|---|---|---|---|
| EXPENSES | | | | | |
| Salaries and wages | $ 1,648,412 | $ 262,727 | $ 340,211 | $ - | $ 2,251,350 |
| Employee benefits | 202,649 | 32,299 | 41,824 | - | 276,772 |
| Payroll taxes | 145,552 | 23,198 | 30,040 | - | 198,790 |
| Total Salaries and Related Expenses | 1,996,613 | 318,224 | 412,075 | - | 2,726,912 |
| Assistance to individuals | 11,203 | - | - | - | 11,203 |
| Auto | 12,112 | 1,748 | 25 | - | 13,885 |
| Bad debt | - | 15,837 | - | - | 15,837 |
| Bank and credit card fees | 267 | 1,186 | 17,551 | - | 19,004 |
| | - | - | - | | |
| Contract services | 71,225 | 19,749 | - | - | 90,974 |
| Depreciation | 5,952 | 925 | 335 | - | 7,212 |
| Dues and subscriptions | 7,484 | 6,047 | 3,510 | - | 17,041 |
| Equipment rental | 30,980 | 1,341 | - | - | 32,321 |
| | - | - | - | | |
| Grant expenditures | 1,120,863 | - | - | - | 1,120,863 |
| Information technology | 11,006 | 1,271 | - | - | 12,277 |
| In-kind rent | 47,640 | - | - | - | 47,640 |
| In-kind supplies and labor | 98,755 | 15,801 | 17,117 | | 131,673 |
| Insurance | 15,891 | 2,470 | 893 | - | 19,254 |
| Marketing and advertising | 2,009 | 956 | 877 | - | 3,842 |
| Miscellaneous | 24,718 | 38,937 | 7,813 | - | 71,468 |
| Payroll processing | 12,410 | 2,677 | 1,864 | - | 16,951 |
| Penalties and fees | 7 | 31 | 465 | - | 503 |
| | - | - | - | | |
| Printing and postage | 18,443 | 2,867 | 1,037 | - | 22,347 |
| Professional fees | 19,430 | 106,355 | 16,648 | - | 142,433 |
| Program events | 623,987 | - | - | - | 623,987 |
| Rent and utilities | 73,845 | 11,480 | 4,152 | - | 89,477 |
| Repairs and maintenance | 6,851 | 1,065 | 385 | - | 8,301 |
| | - | - | - | | |
| Special event fees | - | - | 42,553 | 23,064 | 65,617 |
| Staff training | 12,817 | 1,992 | 721 | - | 15,530 |
| Supplies | 79,122 | 14,286 | 16,484 | - | 109,892 |
| Telephone | 26,679 | 4,148 | 1,500 | - | 32,327 |
| Travel and meeting | 22,134 | 4,233 | 278 | - | 26,645 |
| Total Expenses before Cost of Direct Benefit to Donors | 4,352,443 | 573,626 | 546,283 | 23,064 | 5,495,416 |
| Less: Cost of Direct Benefit to Donors | - | - | - | (23,064) | (23,064) |
| TOTAL FUNCTIONAL EXPENSES | $ 4,352,443 | $ 573,626 | $ 546,283 | $ - | $ 5,472,352 |

See accompanying notes to financial statements

# MISSION: ST. LOUIS
## STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

| | |
|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | $ 859,279 |
| Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities: | |
| Depreciation | 7,212 |
| Bad debt | 15,837 |
| Donated securities received | ( 22,184) |
| Sale of donated securities | 22,184 |
| Donated equipment received | ( 2,362) |
| Receipt of real estate (Note L.) | ( 304,443) |
| Loss on disposal of property and equipment | 1,554 |
| (Increase) decrease in assets: | |
| Accounts receivable | 12,426 |
| Pledges receivable | ( 11,192) |
| Other assets | ( 26,356) |
| Increase (decrease) in liabilities: | |
| Accounts payable | ( 49,996) |
| Accrued expenses | 56,239 |
| Other liabilities | 28,177 |
| Net Change in Cash and Cash Equivalents from Operating Activities | 586,375 |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Purchases of property and equipment | ( 95,414) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 490,961 |
| CASH AND CASH EQUIVALENTS, Beginning of year | 247,299 |
| CASH AND CASH EQUIVALENTS, End of year | $ 738,260 |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION: | |
| Cash paid during the year for: | |
| Interest | $ 503 |
| Income taxes | $ - |

See accompanying notes to financial statements

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Mission: St. Louis (the "Organization") was incorporated in May 2007 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. 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.

### Description of Programs

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

*Beyond School*

Beyond School is closing the achievement gap that youth born into under-resourced communities face. We partner with two local charter schools and served 179 students across both schools in 2020. On average, students started the program 1.5 years behind and a majority (79%) qualify for free or reduced lunch. Our students face more obstacles with fewer resources than the average student. Of the programs regularly attending students in 2020, 91% demonstrated improvement in test scores and report cards. Also, teachers reported differences in our student's academic performance and behavior choices in the classroom. At least 82% of students demonstrated social/emotional growth (e.g., interpersonal communication, conflict resolution). In addition to engaging the school staff, we also engage with family weekly. 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 coding, dance, cooking, martial arts, engineering, field trips, and visual arts. Student-led community services activities are also offered (14 in 2020). These collaborative and interactive activities allow students to explore possibilities for future careers, constructive hobbies, and encourage them to be community-oriented.

*EACH1/Beyond Jobs*

EACH1 is where individuals go to one place, are surrounded by one team, and find an integrated, holistic path to break free from poverty and get to a place of economic stability and hope. Participants create an individualized pathway to success and have access to our integrated system of wrap-around services (e.g. workforce, legal, financial, health and referral services). A common goal among all participants is employment - whether it is the individual's first time entering the workforce or skilling up to better their future opportunities. EACH1 launched in mid-2020 when in-house partner, Saint Louis University Legal Clinic, moved onsite alongside Enterprise Bank & Trust. Our workforce program, Beyond Jobs, is accessed through EACH1. Beyond Jobs prepares, trains, and connects men and women for employment opportunities. In 2020, 99 participants gained employment, 91% did not recidivate, and 281 legal matters were resolved for 36 participants. We partnered with 42 employer partners to provide transitional or direct hire placements for our participants. We also established 11 new community partnerships such as Sneakers with Soul, Home Sweet Home, Places for People, and CHIPS.

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

**Description of Programs** *(Continued)*

*Beyond Charity*

Beyond Charity is comprised of programs that are responsive to needs in the community, including Home Repair programs (Healthy Home Repair & Minor Home Repair), AMP (service trip opportunities), and community services (Affordable Christmas, Tax Prep, and VISTA). In 2020, we supported 96 older adults to remain safely in their homes through the provision of 1,284 minor to moderate home modifications. Clients saved $78,340 in material costs and 1,638 total labor hours ($35,430). Approximately 99% reported reduced housing cost burden and increased feelings of safety in their home. One of our home repair programs, Healthy Home Repair, provided construction management for 66 projects with a total of $1,535,412 in housing loans and grants under the City of St. Louis' Home Investment Partnership Program. A stable neighborhood environment contributes to health and wellness of community members. In 2020, our AMP program mobilized 129 volunteers who completed 649 hours of service in our empowerment programs. Due to COVID-19, we held Affordable Christmas virtually with a drive-up pickup over the course of a week. In doing so, we were able to serve 607 families and 1,804 children. 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 2020, 159 VISTA members built the capacity of 36 organizations throughout the state of Missouri.

**Basis of Accounting**

The accompanying 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.

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

### Functional Allocation of Expenses

The 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 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 financial statements:

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

### Cash and Cash Equivalents

For purposes of the 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 $15,837 in bad debt expense for the year ended December 31, 2020.

### 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 – 27.5 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.

### Investments

The Organization carries investments in certificates of deposit at cost which approximates fair value in the Statement of Financial Position. Interest income is 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 Statement of Financial Position.

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

### Revenue Recognition

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

*Donations and Contributions*
Donations and contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Restricted contributions which are received and expended in the same fiscal year are reported as increases in net assets without donor restrictions. Amounts received that are restricted by the donor for use in future periods or for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions.

*Special Event Revenue*
Special events revenue from ticket sales and sponsorships that relate to the commensurate value the attendee receives in return is recognized when the related events are held, and performance obligations are met.

*Grant and Contract Revenue*
A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contacts or grant provisions.

*Program Revenue*
Program revenue is recorded as performance obligations are met. Payments received in advance are deferred until earned.

### Concentration of Support and Revenue

For the year ended December 31, 2020, the percentage of support and revenue provided by federal, state, and local government agencies was approximately 64%.

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

### 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 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 supplies, equipment, services, and rent amounted to $204,739 for the year ended December 31, 2020.

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.

### 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 2017 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 the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 27, 2021, the date the financial statements were available to be issued.

## B. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

| | 2020 |
|---|---|
| Land | 17,962 |
| Furniture and equipment | $ 63,099 |
| Vehicles | 104,618 |
| Building and leasehold improvements | 313,888 |
| | 499,567 |
| Less: Accumulated depreciation | ( 81,146) |
| Total Property and Equipment, net | $418,421 |

For the year ended December 31, 2020, depreciation expense was $7,212.

## C. INVESTMENTS

The Organization's investments are stated at cost which approximates fair value and consist of a certificate of deposit.

Investments for the year ended December 31, 2020 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 assetsand 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.

## D. FAIR VALUE MEASUREMENTS *(Continued)*

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, 2020 | | | | |
| Certificate of deposit | $140,000 | $ - | $140,000 | $ - |
| Total | $140,000 | $ - | $140,000 | $ - |

## E. LINE OF CREDIT

During the year ended December 31, 2020, Mission: St. Louis entered into a line-of-credit agreement with a local bank totaling $140,000. The line had an interest rate of 2.8% and expired on March 26, 2021. Subsequent to year end, the line was renewed with the following amendments: principal amount increased to $300,000 and the interest rate decreased to 2.45%. The line expires April 1, 2022. There were no borrowings against the line at December 31, 2020.

## F. NET ASSETS WITH DONOR RESTRICTIONS

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

| | 2020 |
|---|---|
| Subject to passage of time: | |
| For periods after December 31 | $23,992 |
| Total Net Assets with Donor Restrictions | $23,992 |

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:

| | 2020 |
|---|---|
| Time restrictions expired | |
| Passage of time | $12,800 |
| Total Net Assets Released from Restrictions | $12,800 |

## H. OPERATING LEASE AGREEMENTS

The Organization leases property under an operating lease expiring in 2022. Total lease expense, including related utilities was $64,103 for the year ended December 31, 2020. The Organization also subleases 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 the non-cancelable operating lease having a remaining term in excess of one year as of December 31:

| | |
|---|---|
| 2021 | $72,000 |
| 2022 | 18,000 |
| Total | $90,000 |

## I. RELATED PARTY TRANSACTIONS

Donations in the amount of $77,436 were received from Mission: St. Louis' board members during the year ended December 31, 2020.

## 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.

## J. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS *(Continued)*

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

| | 2020 |
|---|---|
| Cash and cash equivalents | $738,260 |
| Accounts receivable | 551,600 |
| Pledges receivable | 23,992 |
| Investments | 140,000 |
| Total financial assets | $1,453,852 |
| Financial assets available to meet cash needs for general expenditures within one year | $1,453,852 |

As more fully described in Note E, the Organization also has a committed line of credit in the amount of $300,000, which it could draw upon in the event of an unanticipated liquidity need.

## K. PAYCHECK PROTECTION PROGRAM

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

This application was approved and loan funding in the amount of $250,000 was received on May 5, 2020. The terms were as follows: Loan was amortized over 24 months at 1% interest and there were no payments required for 10 months. Under certain circumstances all or part of the loan may be forgiven and converted to a grant. The loan was unsecured and was guaranteed by the SBA. The organization spent PPP funds on eligible expenses and the loan was forgiven in December 2020 and is reflected in other income on the Statement of Activities for the year ended December 31, 2020.

## L. HOMEFIRST ENTERPRISES, LLC

In December 2020, HomeFirst STL, Inc. was legally dissolved and the assets of HomeFirst STL, Inc. were transferred to Mission: St. Louis. As a result, HomeFirst Enterprises, LLC was created by Mission: St. Louis with an objective to provide housing for the homeless. Mission: St. Louis received cash in the amount of $90,826 along with two real estate properties valued at $304,443. The revenue recognized amounted to $395,269 and is reflected in donations and contributions on the Statement of Activities for the year ended December 31, 2020.

## M. ECONOMIC UNCERTAINITY

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

# SUPPLEMENTAL

# INFORMATION

# Mission: St. Louis
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
### Year Ended December 31, 2020

| Federal Grantor/ Pass-Through Grantor/ Program Title | CFDA Number | Pass-through Entity Identifying Number Contract Number | Federal Expenditure |
|---|---|---|---|
| Corporation for National and Community Service | | | |
| Americorps Vista | 94.013 | | $ 988,824 * |
| Passed through Missouri Community Service Commission | | | |
| Americorps State | 94.006 | 17AFHMO0010018 | 285,006 |
| Subtotal - Corporation for National and Community Service | | | 1,273,830 |
| Department of Health and Human Services | | | |
| Special Programs for the Aging - Title III, Part B | 93.044 | | 40,763 |
| Department of Housing and Urban Development | | | |
| Passed through the City of St. Louis, Missouri Community Development Block Grant | 14.218 | 203632(HHRP) 201173(BS) 193631(MHRP) 20CV1162(CDA CARES) 201162(JLT) | 721,140 |
| Department of Labor | | | |
| Passed through the Missouri Department of Workforce Development WIOA | 17.278 | AA-32184-18-55-A-29 | 370,032 |
| Department of Education | | | |
| 21st Century Learning Centers Program | 84.287 | | 121,393 |
| U.S. Department of the Treasury | | | |
| Passed through the City of St. Louis Coronavirus Relief Funds | 21.019 | 75518 | 391,524 * |
| Passed through Missouri Department of Economic Development Coronavirus Relief Funds | 21.019 | | 149,613 * |
| Subtotal - U.S. Department of the Treasury | | | 541,137 |
| Total Expenditures of Federal Awards: | | | $ 3,068,295 |

* Tested as a 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, 2020. 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, 2020, 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.

# ADDITIONAL INDEPENDENT AUDITORS' REPORTS

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 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 financial statements of Mission: St. Louis (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 27, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the 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 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 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.

(314) 966-2727 • fax (314) 966-6464 • 10805 Sunset Office Drive, Suite 400 • St. Louis, MO 63127 • e-mail: stcpa@stcpa.com

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's 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 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
August 27, 2021

SCHMERSAHL TRELOAR & CO.
Certified Public Accountants

# INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 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, 2020. 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.

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***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, 2020.

**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
August 27, 2021

## 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 |
| 21.019 | Coronavirus Relief Funds |
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 |
| Auditee qualified as a low-risk auditee? | __X__ Yes ____ 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:

None

Mission: St. Louis
CORRECTIVE ACTION PLAN
Year Ended December 31, 2020

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