THRIVE ST. LOUIS

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Thrive St. Louis
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Thrive St. Louis, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Directors
Thrive St. Louis

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thrive St. Louis as of June 30, 2018, 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.

Report on Summarized Comparative Information

We have previously audited Thrive St. Louis' 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 26, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
October 29, 2018

THRIVE ST. LOUIS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
(WITH SUMMARIZED COMPARATIVE TOTAL INFORMATION AS OF JUNE 30, 2017)

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	$ 10,059	$ 146,297
Prepaid Expenses	67,642	60,672
Contract and Grant Receivables	18,789	13,074
Total Current Assets	96,490	220,043
PROPERTY AND EQUIPMENT		
Land	147,000	147,000
Building and Improvements	1,055,541	1,055,541
Furniture	74,789	74,789
Equipment	567,030	537,011
Leasehold Improvements	150,347	139,985
Vehicles	314,317	314,317
Total	2,309,024	2,268,643
Less: Accumulated Depreciation and Amortization	(1,339,554)	(1,226,992)
Net Property and Equipment	969,470	1,041,651
DEPOSITS	3,539	3,539
Total Assets	$ 1,069,499	$ 1,265,233
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Capital Lease Obligation - Current Installments	$ 3,832	$ 3,682
Accounts Payable	88,954	59,702
Accrued Expenses	1,003	972
Total Current Liabilities	93,789	64,356
CAPITAL LEASE OBLIGATION, LESS CURRENT INSTALLMENTS	11,001	14,833
Total Liabilities	104,790	79,189
NET ASSETS		
Unrestricted	964,709	1,186,044
Total Net Assets	964,709	1,186,044
Total Liabilities and Net Assets	$ 1,069,499	$ 1,265,233

See accompanying Notes to Financial Statements.

THRIVE ST. LOUIS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED COMPARATIVE TOTAL INFORMATION AS OF JUNE 30, 2017)

	2018	2017
SUPPORT AND REVENUE		
Support:		
Contributions	$ 1,590,077	$ 1,678,199
Donated Services and Equipment	438,789	304,901
Total Support	2,028,866	1,983,100
Revenue:		
Contracts and Grants	514,701	515,176
Special Events, Net of Costs of Direct Benefits to Donors of $149,043 and $122,562 for 2018 and 2017, Respectively	424,142	456,502
Miscellaneous	14,736	-
Total Revenue	953,579	971,678
Total Support and Revenue	2,982,445	2,954,778
EXPENSES		
Program Services:		
Counseling, Education, and Client Expenses	2,326,112	2,129,415
Total Program Services	2,326,112	2,129,415
Supporting Services:		
Management and General	394,580	335,236
Fundraising and Advancement	483,088	526,212
Total Supporting Services	877,668	861,448
Total Expenses	3,203,780	2,990,863
CHANGE IN NET ASSETS	(221,335)	(36,085)
Net Assets - Beginning of Year	1,186,044	1,222,129
NET ASSETS - END OF YEAR	$ 964,709	$ 1,186,044

See accompanying Notes to Financial Statements.

THRIVE ST. LOUIS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED COMPARATIVE TOTAL INFORMATION AS OF JUNE 30, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Contributions	$ 2,163,262	$ 2,257,263
Cash Received from Earned Program Services	508,987	508,781
Cash Paid to Suppliers and Employees	(2,767,410)	(2,617,567)
Interest Paid	(12,318)	(11,244)
Other Expense/Income Received	15,303	831
Net Cash Provided (Used) by Operating Activities	(92,176)	138,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Property and Equipment	(40,380)	(104,196)
Net Cash Used by Investing Activities	(40,380)	(104,196)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease Obligations	(3,682)	(1,195)
Net Payments on Line of Credit Borrowing	-	(145,000)
Net Cash Used by Financing Activities	(3,682)	(146,195)
NET CHANGE IN CASH	(136,238)	(112,327)
Cash - Beginning of Year	146,297	258,624
CASH - END OF YEAR	$ 10,059	$ 146,297
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	$ (221,335)	$ (36,085)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	112,561	130,654
Changes in Assets and Liabilities		
Prepaid Expenses	(6,970)	3,421
Contract and Grant Receivable	(5,715)	(13,074)
Miscellaneous Receivable	-	6,679
Accounts Payable	29,252	46,695
Accrued Expenses	31	(226)
Total Adjustments	129,159	174,149
Net Cash Provided (Used) by Operating Activities	$ (92,176)	$ 138,064
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES		
Investing Activities - Prior Year Deposit Balance Transferred to Property and Equipment when Placed in Service	$ -	$ 22,000
Financing Activities - Purchase of Equipment through Capital Lease Obligation	$ -	$ 19,711

See accompanying Notes to Financial Statements.

THRIVE ST. LOUIS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018
(WITH SUMMARIZED COMPARATIVE TOTAL INFORMATION AS OF JUNE 30, 2017)

	2018					2017
	Program Services	Supporting Services				
	Counseling, Education and Client Expense	Management and General	Fundraising and Advancement	Total Supporting Services	Total Expenses	Total Expenses
SALARIES AND RELATED EXPENSES	$ 1,231,133	$ 154,112	$ 321,467	$ 475,579	$ 1,706,712	$ 1,673,383
OTHER OPERATING EXPENSES						
Insurance	62,323	6,105	2,910	9,015	71,338	71,481
Client Assistance	251,087	-	-	-	251,087	148,370
Supplies	82,732	6,648	1,111	7,759	90,491	87,796
Facility and Equipment Rent	84,813	986	1,355	2,341	87,154	94,925
Telephone	17,494	4,768	3,383	8,151	25,645	22,936
Utilities	24,014	2,262	2,262	4,524	28,538	40,986
Volunteer	194,837	-	-	-	194,837	184,948
Advertising and Public Relations	23,581	-	15,216	15,216	38,797	35,555
Repairs and Maintenance	40,141	47,207	16,598	63,805	103,946	120,808
Professional Fees	66,210	60,087	-	60,087	126,297	60,754
Conferences and Travel	69,997	8,909	7,252	16,161	86,158	58,206
Bank Service Charges	-	22,190	-	22,190	22,190	21,141
Postage and Printing	1,504	2,069	2,645	4,714	6,218	8,313
Events and Appeals	-	-	92,207	92,207	92,207	124,578
Membership Fees and Dues	2,300	4,927	2,191	7,118	9,418	6,647
Educational Material	10,948	6,115	1,098	7,213	18,161	15,877
Taxes and Licenses	5,355	-	-	-	5,355	5,425
Interest	-	12,318	-	12,318	12,318	11,244
Website	3,704	-	-	-	3,704	5,236
Community Education	1,085	-	13,015	13,015	14,100	10,162
Other and Miscellaneous Expense	69,769	26,401	378	26,779	96,548	51,438
Total Other Operating Expenses	1,011,894	210,992	161,621	372,613	1,384,507	1,186,826
DEPRECIATION AND AMORTIZATION	83,085	29,476	-	29,476	112,561	130,654
Total Expenses	$ 2,326,112	$ 394,580	$ 483,088	$ 877,668	$ 3,203,780	$ 2,990,863

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF ORGANIZATION

Thrive St. Louis (the Organization) is a nonprofit organization which provides assistance and counseling for women faced with unexpected pregnancies in the St. Louis, Missouri region and educates youth about making best and healthiest choices regarding sex. Revenue is generated primarily through donations and grants to the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports its information regarding financial position and activities according to three classes of net assets depending upon the existence or nature of any donor-imposed restrictions. The following is a description of these classes of net assets:

Unrestricted – Those resources over which the board of directors has discretionary control. Designated amounts represent those resources that the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time. No temporarily restricted net assets existed at June 30, 2018.

Permanently Restricted – Those resources subject to donor-imposed restrictions that will be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, on related investments for unrestricted or temporarily restricted purposes. No permanently restricted assets were held during the year ended June 30, 2018; and, accordingly, these financial statements do not reflect any activity related to this class of net assets.

Estimates and Assumptions

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 the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements.

Program Services

Counseling, Education, and Client Services – For women facing unexpected pregnancies, the Organization provides counseling and assistance, including providing maternity home facilities to give mothers an opportunity to focus on pregnancy and personal needs. Additionally, brick and mortar and mobile locations provide pregnancy and women's health related services to college students and the underserved. The Organization also educates youth at high schools, middle schools, youth groups, and churches about making best and healthiest choices and includes information on sexual integrity, sexually transmitted diseases, brain function, premarital, and marital sex.

Supporting Services

Management and General – These expenses include the functions necessary to maintain the execution of the program strategy, secure proper administrative functioning of the board of directors, and manage the financial and budgetary responsibilities of the Organization.

Fundraising and Advancement – These expenses provide the structure necessary to encourage and secure financial support for the Organization through contributions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents.

Contract and Grant Receivables

Contract and grant receivables are stated at the amount management expects to collect from outstanding balances. This balance consists of billings to another nonprofit organization for contract revenues as well as grant billings to government granting agencies. At June 30, 2018, the contract and grant receivable balance was $18,789. No allowance for doubtful accounts was deemed necessary by management.

Property and Equipment

The Organization capitalizes all expenditures in excess of $500 for property and equipment at cost. Property and equipment received by donation is recorded at the fair market value at the date of donation. Expenditures for normal repairs and maintenance are charged to expense as incurred. Major repairs that significantly extend the life of an asset are capitalized. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years. Leasehold improvements are amortized over the lesser of the estimated useful life or the term of the lease.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Restricted and Unrestricted Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restrictions. Current unrestricted funds are the operating funds of the Organization and are currently expendable. They consist of current funds that have not been restricted in any manner by the donors and are available for any purpose of the Organization. These unrestricted gifts include gifts of cash, securities, and property. Pledges are recorded as gift revenue when the related cash is received. Pledges are obtained as an intention to give by the donor and not as an unconditional promise to give.

Contributed Services and Materials

Certain professional services are donated to the Organization by various individuals. Since these donated services meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Accounting for Contributions Received and Contributions Made*, they are recorded at fair value at the date of donation and are described in more detail at Note 5. In addition, a substantial number of volunteers have donated a significant amount of their time to the Organization's programs. However, certain donated services have not been recorded because they do not meet the criteria under ASC 958-605.

Various materials, supplies, and equipment are donated to the Organization. These items are recorded as contributions at their respective estimated fair values at the date of the donation.

Revenue Recognition – Grants and Contracts

Grants and contracts are generally recognized as revenue in the period the specific services are performed. However, certain grants may qualify as contributions and, accordingly, they are recognized as support when made.

Expense Allocation

The costs of providing the Organization's program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited, as shown in the statement of functional expenses based on management's estimate of resources devoted to the identified service area.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. Total advertising and public relations expense totaled $38,797 for the year ended June 30, 2018.

Tax Status

The Organization constitutes a qualified, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code, and is, therefore, exempt from all federal and state income taxes.

Prior Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Recent Accounting Pronouncements

Nonprofit Entities

The FASB has issued new guidance on financial reporting for nonprofit entities. The guidance requires a nonprofit entity to present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, a nonprofit entity will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets. The guidance also requires a nonprofit entity to present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes.

Nonprofit entities will continue reporting the currently required amount of the change in total net assets for the period. The guidance also requires a nonprofit entity to continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer requires the presentation or disclosure of the indirect method (reconciliation) if using the direct method. The guidance also requires enhanced disclosures about the following:

- Amounts and purposes of governing board designations, appropriations, etc.
- Composition of net assets with donor restrictions at the end of the period
- Qualitative information that communicates how an entity manages its liquid resources
- Quantitative and additional qualitative information as necessary that communicates the availability of an entity's financial assets
- Amounts of expenses by both their natural classification and their functional classification
- Methods used to allocate costs among program and support functions
- Underwater endowment funds

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

Nonprofit Entities (Continued)

The guidance also requires that the Organization report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses. The guidance also requires that the Organization use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset. The guidance will be required for the Organization’s June 30, 2019 year-end.

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which is a principles-based standard that replaces all existing guidance under U.S. GAAP. It requires different judgements and estimates and additional financial statement disclosures. It also requires entities to review the terms of their agreements with their customers and sources of revenue to assess how they should be accounted for under the new standard. The guidance will be required for the Organization’s June 30, 2020 year-end.

Leases

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities.

If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statement of financial position. The guidance will be required for the Organization’s June 30, 2021 year-end.

NOTE 3 LINE OF CREDIT

During the year ended June 30, 2018, the Organization maintained a revolving loan agreement with its bank with a maximum credit limit of $300,000. The line of credit is secured by a lien on the Organization's real estate. The line of credit is payable on demand and bears interest at the effective interest rate of 6% (index of 5% plus 1%) at June 30, 2018. There was $-0- outstanding balance on this revolving loan agreement at June 30, 2018.

NOTE 4 REVENUE AND RESTRICTED NET ASSETS

Net assets are released from donor restrictions by incurring expenses or capital expenditures satisfying the restricted purposes or by occurrence of other events specified by donors. It is the Organization's policy to recognize the release of donor restrictions for gifts received for long-lived assets when the long-lived asset is received or placed in service. If restricted revenue is received in the same reporting period in which it is spent, the revenue is shown as an increase in unrestricted net assets. For the year ended June 30, 2018, the Organization received restricted contributions totaling $18,957, which are included within unrestricted revenue, as expenses were incurred during the year, ended June 30, 2018, that satisfied the restricted purposes.

NOTE 5 DONATED SERVICES

Donated services of $241,461 have been reflected in the financial statements at June 30, 2018 as support and revenue and program service expense, since volunteers who have undergone specialized training in medicine, law, counseling, and other professional services have donated significant amounts of their time in the Organization's program services. The value of these services was determined by using an established or actual, if available, hourly wage which is deemed to be a fair estimate. In total, the Organization received over 10,205 of specialized and nonspecialized volunteer hours during the year ended June 30, 2018.

In addition, donated gifts in kind, including items such as diapers, baby wipes, supplies, clothing, delivery services, advertising, etc., totaled $197,328 for the year ended June 30, 2018.

NOTE 6 LEASE OBLIGATIONS

Operating Leases

The Organization has operating leases expiring at various dates through 2022 for buildings and equipment at its various locations used for community service programs and administrative facilities. Total rent expense for the year ended June 30, 2018 was $87,154.

The future minimum rental payments as of June 30, 2018, are as follows:

Year Ending June 30,	Amount
2019	$ 47,775
2020	29,643
2021	30,450
2022	22,838
Total	$ 130,706

Capital Leases

The Organization has a capital lease obligation that was obtained to finance the purchase of office equipment. The following is a summary of property held under the capital lease obligation as of June 30, 2018:

Office Equipment	$ 19,711
Accumulated Amortization and Expense	(5,585)
Net Capitalized Office Equipment	$ 14,126

The future minimum lease payments for this capital lease as of June 30, 2018 are as follows:

Year Ending June 30,	Amount
2019	$ 4,356
2020	4,356
2021	4,356
2022	2,904
Total Minimum Lease Payments	15,972
Less Amount Representing Interest	(1,139)
Present Value of Minimum Lease Payments	14,833
Less Current Installments	(3,832)
Long-Term Portion	$ 11,001

Interest expense relating to this lease amounted to $674 for the year ended June 30, 2018.

NOTE 7 RETIREMENT PLAN

The Organization maintains a tax-qualified 401(k) deferred retirement plan. The plan provides for employer matching contributions up to 3% of employee compensation. Expenses related to the plan totaled $10,446 for the year ended June 30, 2018.

NOTE 8 INCOME TAXES

The Organization has adopted FASB ASC 740-10, *Income Taxes*, as it relates to uncertain tax positions and has evaluated their tax positions taken for all open tax years. The Organization is not currently under audit nor has it been contacted by the Internal Revenue Service.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded as of June 30, 2018.

NOTE 9 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 29, 2018, the date that the financial statements were available to be issued.