COMMUNITY LINC, INC.

FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017
INDEPENDENT AUDITORS' REPORT

To the Board of Directors

COMMUNITY LINC, INC.

We have audited the accompanying financial statements of Community LINC, Inc. (the “Organization”), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 auditors consider internal control relevant to the Organization’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 Organization’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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community LINC, Inc. as of December 31, 2018 and 2017, and the changes in net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Kansas City, Missouri
August 23, 2019
## COMMUNITY LINC, INC.

### STATEMENTS OF FINANCIAL POSITION

December 31, 2018 and 2017

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$415,209</td>
<td>$435,523</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>449,857</td>
<td>447,968</td>
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<tr>
<td>Accounts receivable</td>
<td>60,525</td>
<td>114,198</td>
</tr>
<tr>
<td>Prepaid and other assets</td>
<td>16,926</td>
<td>-</td>
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<tr>
<td>Pledges receivable, current portion</td>
<td>416,012</td>
<td>204,760</td>
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<tr>
<td>TOTAL CURRENT ASSETS</td>
<td>1,358,529</td>
<td>1,202,449</td>
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<tr>
<td>PROPERTY AND EQUIPMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>60,460</td>
<td>60,460</td>
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<tr>
<td>Buildings and improvements</td>
<td>1,945,410</td>
<td>1,924,676</td>
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<tr>
<td>Furniture and office equipment</td>
<td>292,449</td>
<td>292,397</td>
</tr>
<tr>
<td></td>
<td>2,298,319</td>
<td>2,277,533</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(1,097,628)</td>
<td>(992,189)</td>
</tr>
<tr>
<td>NET PROPERTY AND EQUIPMENT</td>
<td>1,200,691</td>
<td>1,285,344</td>
</tr>
<tr>
<td>PLEDGES RECEIVABLE, less current portion, net of allowance for doubtful accounts and unamortized discount</td>
<td>244,077</td>
<td>256,470</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>$2,803,297</td>
<td>$2,744,263</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CURRENT LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$9,884</td>
<td>$20,799</td>
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<tr>
<td>Accrued liabilities</td>
<td>35,097</td>
<td>9,485</td>
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<tr>
<td>Client deposits</td>
<td>3,060</td>
<td>4,039</td>
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<tr>
<td>Long-term debt, current portion</td>
<td>11,756</td>
<td>11,147</td>
</tr>
<tr>
<td>TOTAL CURRENT LIABILITIES</td>
<td>59,797</td>
<td>45,470</td>
</tr>
<tr>
<td>LONG-TERM DEBT, less current portion above</td>
<td>47,583</td>
<td>59,390</td>
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<td>TOTAL LIABILITIES</td>
<td>107,380</td>
<td>104,860</td>
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</table>

<table>
<thead>
<tr>
<th>NET ASSETS</th>
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</thead>
<tbody>
<tr>
<td>Undesignated</td>
<td>1,336,721</td>
<td>1,470,847</td>
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<tr>
<td>Board designated</td>
<td>518,690</td>
<td>518,690</td>
</tr>
<tr>
<td>Without donor restrictions</td>
<td>1,855,411</td>
<td>1,989,537</td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>840,506</td>
<td>649,866</td>
</tr>
<tr>
<td>TOTAL NET ASSETS</td>
<td>2,695,917</td>
<td>2,639,403</td>
</tr>
<tr>
<td>TOTAL LIABILITIES AND NET ASSETS</td>
<td>$2,803,297</td>
<td>$2,744,263</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
COMMUNITY LINC, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUPPORT AND REVENUE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts</td>
<td>$ 226,484</td>
<td>$</td>
<td>$ 226,484</td>
</tr>
<tr>
<td>Grants</td>
<td>32,795</td>
<td>438,000</td>
<td>470,795</td>
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<tr>
<td>Contributions</td>
<td>449,675</td>
<td>258,891</td>
<td>708,566</td>
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<tr>
<td>Special events</td>
<td>627,296</td>
<td>-</td>
<td>627,296</td>
</tr>
<tr>
<td>United Way support</td>
<td>-</td>
<td>27,861</td>
<td>27,861</td>
</tr>
<tr>
<td>Other income</td>
<td>9,004</td>
<td>-</td>
<td>9,004</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>36,011</td>
<td>-</td>
<td>36,011</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>534,112</td>
<td>(534,112)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL SUPPORT AND REVENUE</strong></td>
<td><strong>1,915,377</strong></td>
<td><strong>2,106,017</strong></td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program</td>
<td>1,443,286</td>
<td>-</td>
<td>1,443,286</td>
</tr>
<tr>
<td>Management and general</td>
<td>269,303</td>
<td>-</td>
<td>269,303</td>
</tr>
<tr>
<td>Fundraising</td>
<td>334,557</td>
<td>-</td>
<td>334,557</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>2,047,146</strong></td>
<td><strong>2,047,146</strong></td>
</tr>
<tr>
<td>OTHER REVENUE (EXPENSE)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on property damage</td>
<td>(2,357)</td>
<td>-</td>
<td>(2,357)</td>
</tr>
<tr>
<td></td>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td><strong>(134,126)</strong></td>
<td><strong>56,514</strong></td>
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<tr>
<td></td>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td><strong>1,989,537</strong></td>
<td><strong>2,639,403</strong></td>
</tr>
<tr>
<td></td>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td><strong>$ 1,855,411</strong></td>
<td><strong>$ 2,695,917</strong></td>
</tr>
</tbody>
</table>

See Notes to Financial Statements -3-
## COMMUNITY LINC, INC.

### STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SUPPORT AND REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contracts</td>
<td>$ 203,101</td>
<td>$</td>
<td>$203,101</td>
</tr>
<tr>
<td>Grants</td>
<td>33,046</td>
<td>314,741</td>
<td>347,787</td>
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<tr>
<td>Contributions</td>
<td>511,229</td>
<td>368,860</td>
<td>880,089</td>
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<tr>
<td>Special events</td>
<td>534,019</td>
<td>-</td>
<td>534,019</td>
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<tr>
<td>United Way support</td>
<td>9,179</td>
<td>27,861</td>
<td>37,040</td>
</tr>
<tr>
<td>Other income</td>
<td>24,472</td>
<td>-</td>
<td>24,472</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>47,773</td>
<td>-</td>
<td>47,773</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>541,766</td>
<td>(541,766)</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL SUPPORT AND REVENUE</strong></td>
<td>1,904,585</td>
<td>169,696</td>
<td>2,074,281</td>
</tr>
</tbody>
</table>

| **EXPENSES** |                       |                         |        |
| Program       | 1,664,719              | -                       | 1,664,719|
| Management and general | 146,203 | - | 346,839 |
| Fundraising   | 346,839                 | -                       | 346,839|
| **TOTAL EXPENSES** | 2,157,761 | - | 2,157,761 |

| **OTHER EXPENSE** |                      |                         |        |
| Loss on disposal of equipment | (15,751) | - | (15,751) |

**CHANGE IN NET ASSETS**

|                      |                         |                        |        |
| NET ASSETS, BEGINNING OF YEAR | 2,258,464 | 480,170 | 2,738,634 |

**NET ASSETS, END OF YEAR**

|                      |                          |                        |        |
| $ 1,989,537 | $ 649,866 | $ 2,639,403 |
### COMMUNITY LINC, INC.

#### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Program</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$656,720</td>
<td>190,354</td>
<td>104,694</td>
<td>$951,768</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>52,153</td>
<td>15,117</td>
<td>8,314</td>
<td>75,584</td>
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<tr>
<td>Employee benefits</td>
<td>100,888</td>
<td>17,836</td>
<td>18,752</td>
<td>137,476</td>
</tr>
<tr>
<td><strong>TOTAL PERSONNEL EXPENSES</strong></td>
<td>809,761</td>
<td>223,307</td>
<td>131,760</td>
<td>1,164,828</td>
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<tr>
<td>Other contract services</td>
<td>22,127</td>
<td>1,019</td>
<td>1,871</td>
<td>25,017</td>
</tr>
<tr>
<td>Volunteer program</td>
<td>1,907</td>
<td>-</td>
<td>-</td>
<td>1,907</td>
</tr>
<tr>
<td>Client costs</td>
<td>172,975</td>
<td>-</td>
<td>-</td>
<td>172,975</td>
</tr>
<tr>
<td>Advertising and promotion</td>
<td>14,007</td>
<td>1,032</td>
<td>252</td>
<td>15,291</td>
</tr>
<tr>
<td>Equipment maintenance</td>
<td>694</td>
<td>201</td>
<td>111</td>
<td>1,006</td>
</tr>
<tr>
<td>Building and grounds maintenance</td>
<td>64,349</td>
<td>663</td>
<td>1,327</td>
<td>66,339</td>
</tr>
<tr>
<td>Utilities</td>
<td>87,509</td>
<td>902</td>
<td>1,804</td>
<td>90,215</td>
</tr>
<tr>
<td>Telephone</td>
<td>8,748</td>
<td>852</td>
<td>824</td>
<td>10,424</td>
</tr>
<tr>
<td>Office supplies</td>
<td>6,342</td>
<td>449</td>
<td>560</td>
<td>7,351</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>6,523</td>
<td>11</td>
<td>319</td>
<td>6,853</td>
</tr>
<tr>
<td>Postage</td>
<td>3,696</td>
<td>361</td>
<td>843</td>
<td>4,900</td>
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<tr>
<td>Printing</td>
<td>7,657</td>
<td>90</td>
<td>3,647</td>
<td>11,394</td>
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<td>Insurance</td>
<td>41,434</td>
<td>427</td>
<td>854</td>
<td>42,715</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>11,077</td>
<td>200</td>
<td>564</td>
<td>11,841</td>
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<tr>
<td>Professional fees</td>
<td>-</td>
<td>21,543</td>
<td>-</td>
<td>21,543</td>
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<tr>
<td>IT services</td>
<td>22,578</td>
<td>14,144</td>
<td>5,754</td>
<td>42,476</td>
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<tr>
<td>Indirect special event costs</td>
<td>-</td>
<td>-</td>
<td>98,141</td>
<td>98,141</td>
</tr>
<tr>
<td>Direct special event costs</td>
<td>-</td>
<td>-</td>
<td>70,328</td>
<td>70,328</td>
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<tr>
<td>Interest expense</td>
<td>3,434</td>
<td>-</td>
<td>-</td>
<td>3,434</td>
</tr>
<tr>
<td>Depreciation</td>
<td>108,702</td>
<td>1,121</td>
<td>2,241</td>
<td>112,064</td>
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<tr>
<td>Donated household goods</td>
<td>36,011</td>
<td>-</td>
<td>-</td>
<td>36,011</td>
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<tr>
<td>Miscellaneous</td>
<td>8,618</td>
<td>1,492</td>
<td>12,538</td>
<td>22,648</td>
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<td>Lease expense</td>
<td>5,137</td>
<td>1,489</td>
<td>819</td>
<td>7,445</td>
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<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$1,443,286</td>
<td>$269,303</td>
<td>$334,557</td>
<td>$2,047,146</td>
</tr>
</tbody>
</table>

70.50%  13.16%  16.34%  100.00%

See Notes to Financial Statements
## COMMUNITY LINC, INC.

### STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>Program</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$ 744,425</td>
<td>$ 87,854</td>
<td>$ 121,404</td>
<td>$ 953,683</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>59,869</td>
<td>7,146</td>
<td>9,630</td>
<td>76,645</td>
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<tr>
<td>Employee benefits</td>
<td>101,400</td>
<td>12,735</td>
<td>17,176</td>
<td>131,311</td>
</tr>
<tr>
<td><strong>TOTAL PERSONNEL EXPENSES</strong></td>
<td><strong>905,694</strong></td>
<td><strong>107,735</strong></td>
<td><strong>148,210</strong></td>
<td><strong>1,161,639</strong></td>
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<tr>
<td>Other contract services</td>
<td>79,241</td>
<td>528</td>
<td>2,277</td>
<td>82,046</td>
</tr>
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<td>Volunteer program</td>
<td>2,285</td>
<td>-</td>
<td>-</td>
<td>2,285</td>
</tr>
<tr>
<td>Client costs</td>
<td>169,831</td>
<td>5,900</td>
<td>-</td>
<td>175,731</td>
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<tr>
<td>Advertising and promotion</td>
<td>21,113</td>
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<td>-</td>
<td>21,113</td>
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<tr>
<td>Equipment maintenance</td>
<td>1,370</td>
<td>110</td>
<td>216</td>
<td>1,696</td>
</tr>
<tr>
<td>Building and grounds maintenance</td>
<td>85,450</td>
<td>789</td>
<td>907</td>
<td>87,146</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>86,744</td>
<td>978</td>
<td>978</td>
<td>88,700</td>
</tr>
<tr>
<td>Telephone</td>
<td>12,062</td>
<td>1,000</td>
<td>1,178</td>
<td>14,240</td>
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<tr>
<td>Office supplies</td>
<td>12,461</td>
<td>652</td>
<td>1,345</td>
<td>14,458</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
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<td>786</td>
<td>348</td>
<td>5,801</td>
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<tr>
<td>Postage</td>
<td>4,300</td>
<td>236</td>
<td>1,815</td>
<td>6,351</td>
</tr>
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<td>Printing</td>
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<td>294</td>
<td>5,939</td>
<td>19,492</td>
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<tr>
<td>Insurance</td>
<td>31,106</td>
<td>1,226</td>
<td>2,128</td>
<td>34,460</td>
</tr>
<tr>
<td>Travel and entertainment</td>
<td>19,735</td>
<td>240</td>
<td>531</td>
<td>20,506</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>17,038</td>
<td>-</td>
<td>17,038</td>
</tr>
<tr>
<td>IT services</td>
<td>30,247</td>
<td>4,452</td>
<td>2,783</td>
<td>37,482</td>
</tr>
<tr>
<td>Indirect special event costs</td>
<td>-</td>
<td>-</td>
<td>53,616</td>
<td>53,616</td>
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<tr>
<td>Direct special event costs</td>
<td>-</td>
<td>-</td>
<td>119,575</td>
<td>119,575</td>
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<tr>
<td>Interest expense</td>
<td>4,353</td>
<td>-</td>
<td>-</td>
<td>4,353</td>
</tr>
<tr>
<td>Depreciation</td>
<td>116,031</td>
<td>-</td>
<td>-</td>
<td>116,031</td>
</tr>
<tr>
<td>Donated household goods</td>
<td>47,773</td>
<td>-</td>
<td>-</td>
<td>47,773</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>11,040</td>
<td>3,767</td>
<td>4,066</td>
<td>18,873</td>
</tr>
<tr>
<td>Lease expense</td>
<td>5,957</td>
<td>472</td>
<td>927</td>
<td>7,356</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$ 1,664,719</td>
<td>$ 146,203</td>
<td>$ 346,839</td>
<td>$ 2,157,761</td>
</tr>
</tbody>
</table>

|                     | 77.15%    | 6.78%                  | 16.07%      | 100.00%  |

See Notes to Financial Statements
### COMMUNITY LINC, INC.

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2018 and 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>$56,514</td>
<td>$(99,231)</td>
</tr>
<tr>
<td>Adjustments to reconcile changes in net</td>
<td></td>
<td></td>
</tr>
<tr>
<td>assets to net cash flows from operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>112,064</td>
<td>116,031</td>
</tr>
<tr>
<td>Loss on disposal of assets</td>
<td></td>
<td>15,751</td>
</tr>
<tr>
<td>Loss on property damage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (increase) in operating assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>53,673</td>
<td>26,813</td>
</tr>
<tr>
<td>Pledges receivable</td>
<td>(198,859)</td>
<td>(121,586)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(16,926)</td>
<td>1,800</td>
</tr>
<tr>
<td>Increase (decrease) in operating liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(10,915)</td>
<td>(9,554)</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>25,612</td>
<td>2,997</td>
</tr>
<tr>
<td>Client deposits</td>
<td>(979)</td>
<td>8</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td>22,541</td>
<td>(66,971)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Redemptions of certificates of deposit</td>
<td></td>
<td>70,535</td>
</tr>
<tr>
<td>Proceeds from insurance for property damage</td>
<td>14,369</td>
<td>-</td>
</tr>
<tr>
<td>Purchases of certificates of deposit</td>
<td>(1,889)</td>
<td>(14,087)</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(44,137)</td>
<td>(69,665)</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td>(31,657)</td>
<td>(13,217)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>(11,198)</td>
<td>(87,565)</td>
</tr>
<tr>
<td>Proceeds from long-term debt</td>
<td></td>
<td>75,000</td>
</tr>
<tr>
<td><strong>NET CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td>(11,198)</td>
<td>(12,565)</td>
</tr>
<tr>
<td><strong>NET CHANGES IN CASH AND CASH EQUIVALENTS</strong></td>
<td>(20,314)</td>
<td>(92,753)</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</strong></td>
<td>435,523</td>
<td>528,276</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, END OF YEAR</strong></td>
<td>$415,209</td>
<td>$435,523</td>
</tr>
</tbody>
</table>

See Notes to Financial Statements
COMMUNITY LINC, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Organization – Community LINC, Inc. (the “Organization”), is a Missouri not-for-profit corporation that provides transitional housing programs for homeless families in Kansas City, Missouri and is dedicated to ending homelessness, impacting poverty, and removing barriers to self-sufficiency for the families they serve.

Basis of accounting – The Organization’s financial statements are prepared on the accrual basis of accounting.

Basis of presentation – In accordance with the limitations, designations, and restrictions placed on the use of resources available to the Organization, the following classifications are utilized according to the nature and purpose of the resources:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Organization’s Board of Directors.

- Net assets with donor restrictions: Net assets whose use by the Organization is subject to donor-imposed or legal stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time. Amounts received that are restricted for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. Net assets with donor restrictions are released from restriction when the expenses are incurred for their designated purpose or when the time restriction has expired.

Revenue Recognition – Grants, contributions, special event, and United Way revenue are recognized in the period received. In-kind contributions are recorded at their estimated fair value at the date of receipt. Unconditional promises to give are recognized in the period received while conditional promises to give are not recorded until all conditions have been met. These types of revenue are reflected as without donor restrictions or with donor restrictions based on the existence or absence of donor-imposed restrictions. Contract revenue is recognized as it is earned through expenditure in accordance with the applicable agreements. Contract revenue is considered an exchange transaction and is, therefore, not subject to donor-imposed restrictions.

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 the reported amounts 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.

Cash and cash equivalents – Cash and cash equivalents consist of available cash balances on deposit at financial institutions. The Organization considers cash equivalents to be short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less. At times, the Organization maintains deposits in financial institutions in excess of federally insured limits. At December 31, 2018 and 2017, the Organization’s uninsured balances totaled $168,976 and $520,201, respectively. The Organization has not experienced any losses in such accounts and management believes the risk of loss is negligible.
(1) **Summary of significant accounting policies** (continued)

**Certificates of deposit** – Certificates of deposit are maintained at cost-basis plus accrued interest, which approximates fair value, with interest being paid out on a varying schedule through the year. The certificates earn interest at rates between .20% and 1.05% with maturity dates ranging from January 2019 to March 2019. At times, the Organization maintains certificates of deposits in excess of federally insured limits. At December 31, 2018 and 2017, the Organization's uninsured balances totaled $217,416 and $216,926, respectively. The Organization has not experienced any losses in such accounts and management believes the risk of loss is negligible.

**Accounts and pledges receivable** – Accounts and pledges receivable are reported at the present value of the amount management expects to collect on balances outstanding at year end. Management estimates the allowance for doubtful accounts based on history of collections and knowledge acquired about specific items. Adjustments to the allowance are charged to bad debt expense. Uncollectible accounts are written off against the reserve. An account is considered uncollectible when all efforts to collect the account have been exhausted. The allowance for doubtful accounts was $5,698 and $7,591 at December 31, 2018 and 2017, respectively.

**Property and equipment** – Property and equipment are stated at cost or the fair value at date of gift for donated assets, less accumulated depreciation. If a donor stipulates how long the assets must be used, the contribution is recorded as restricted support. In the absence of such stipulation, a contribution of property and equipment is recorded as unrestricted support. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or retired, the related cost is removed from the accounts and any gain or loss is included in the results of operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Estimated Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and improvements</td>
<td>5 - 27.5 Years</td>
</tr>
<tr>
<td>Furniture and office equipment</td>
<td>5 - 15 Years</td>
</tr>
</tbody>
</table>

**Income taxes** – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code as a not-for-profit organization. In addition, the Organization has been classified as a publicly-supported organization which is not a private foundation within the meaning of Section 509(a)(1) of the Code. Accordingly, no provision has been made for Federal income tax.

The Organization’s present accounting policy for the evaluation of uncertain tax positions is to review those positions on an annual basis. A liability would be recorded in the financial statements during the period which, based on all available evidence, management believes it is more likely than not that the tax position would not be sustained upon examination by taxing authorities and the liability would be incurred by the Organization. No accrual has been recorded at December 31, 2018 and 2017 as management does not believe any material uncertainties exist.

**Functional expenses** – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program, general and administrative function, or fundraising effort are allocated directly to those functional categories. Other expenses that are common to several functions are allocated by management’s estimate of resources devoted to the programs or support services using allocations. Personnel expenses are allocated based upon estimated time. Building and grounds maintenance, utilities, insurance, and depreciation are allocated based upon estimated square feet. During the year ended December 31, 2018 management allocated personnel expenses based upon estimated time according to employees and an analysis of job description forms. During the year ended December 31, 2017 management allocated personnel expenses based upon estimated time according to management.
COMMUNITY LINC, INC.

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies (continued)**

**Recent accounting pronouncements** – During 2018 the Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, Not-for-profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. This standard addresses the complexity and understandability of net asset classification, information about liquidity and the availability of resources, and provides expanded disclosure of expenses presented by functional categories. Certain items in the 2017 financial statements have been reclassified to conform to the 2018 presentation that incorporates the change in net asset classification from unrestricted, temporarily restricted, and permanently restricted to net assets without donor restrictions and net assets with donor restrictions.

(2) **Pledges receivable**

Pledges receivable that are expected to be collected within one year are recorded at net realizable value and are not discounted. Pledges receivable that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. The discount rate used in valuing pledges receivable was 1%. Amortization of the discounts are included in contribution revenue.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in less than one year</td>
<td>$416,012</td>
<td>$204,760</td>
</tr>
<tr>
<td>Due in one to five years</td>
<td>$254,933</td>
<td>$271,212</td>
</tr>
<tr>
<td>Total pledges receivable</td>
<td>$670,945</td>
<td>$475,972</td>
</tr>
</tbody>
</table>

(3) **Line of credit**

During the years ended December 31, 2018 and 2017 the Organization had a $150,000 line of credit with a bank with an interest rate of prime plus .5% but not less than 5.0%. The line of credit matures July 2019 and is collateralized by property and all business assets. The balance on the line of credit was $0 at December 31, 2018 and 2017.

(4) **Long-term debt**

The Organization’s long-term debt consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Note payable, collateralized by property, payable in monthly payments of $1,219, including interest at 5.25% due July 2023.</td>
<td>$59,339</td>
<td>$70,537</td>
</tr>
<tr>
<td>Less current portion</td>
<td>(11,756)</td>
<td>(11,147)</td>
</tr>
<tr>
<td>Non-current debt</td>
<td>$47,583</td>
<td>$59,390</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

(4) Long-term debt (continued)

Maturities for notes payable are as follows:

Years ending December 31,

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$11,756</td>
</tr>
<tr>
<td>2020</td>
<td>12,390</td>
</tr>
<tr>
<td>2021</td>
<td>13,072</td>
</tr>
<tr>
<td>2022</td>
<td>13,786</td>
</tr>
<tr>
<td>Thereafter</td>
<td>8,335</td>
</tr>
<tr>
<td>Total</td>
<td>$59,339</td>
</tr>
</tbody>
</table>

(5) Operating lease

The Organization leases office equipment under an operating leases that expires October 2021. The future minimum rental payments required under the leases are as follows:

Years ending December 31,

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$7,076</td>
</tr>
<tr>
<td>2020</td>
<td>7,076</td>
</tr>
<tr>
<td>2021</td>
<td>5,897</td>
</tr>
<tr>
<td>Total</td>
<td>$20,049</td>
</tr>
</tbody>
</table>

(6) Net assets with donor restrictions

Net assets with donor restrictions consist of funds held for the following purposes:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets with donor restrictions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose restricted</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interim/immediate housing</td>
<td>$197,994</td>
<td>$96,614</td>
</tr>
<tr>
<td>Children's program</td>
<td>1,494</td>
<td>17,647</td>
</tr>
<tr>
<td>Employment readiness</td>
<td>-</td>
<td>24,426</td>
</tr>
<tr>
<td>Aftercare</td>
<td>-</td>
<td>12,422</td>
</tr>
<tr>
<td>Mental wellness</td>
<td>-</td>
<td>46,749</td>
</tr>
<tr>
<td>Other shelter</td>
<td>5,581</td>
<td>22,500</td>
</tr>
<tr>
<td>Capacity building</td>
<td>-</td>
<td>21,884</td>
</tr>
<tr>
<td>Strategic plan/public education</td>
<td>13,870</td>
<td>16,370</td>
</tr>
<tr>
<td>Direct client assistance</td>
<td>5,265</td>
<td>-</td>
</tr>
<tr>
<td>Coordinated entry</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Facilities</td>
<td>175,844</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>8,004</td>
</tr>
<tr>
<td>Total purpose restricted</td>
<td>450,048</td>
<td>266,616</td>
</tr>
<tr>
<td>Time restricted</td>
<td>390,458</td>
<td>383,250</td>
</tr>
<tr>
<td>Total net assets with donor restrictions</td>
<td>$840,506</td>
<td>$649,866</td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS

(6) Net assets with donor restrictions (continued)

The sources of releases from net assets with donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors were as follows:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interim/immediate housing</td>
<td>$210,900</td>
<td>$104,131</td>
</tr>
<tr>
<td>Children's program</td>
<td>21,653</td>
<td>25,353</td>
</tr>
<tr>
<td>Employment readiness</td>
<td>24,426</td>
<td>20,793</td>
</tr>
<tr>
<td>Aftercare</td>
<td>12,422</td>
<td>103,438</td>
</tr>
<tr>
<td>Mental wellness</td>
<td>66,749</td>
<td>45,699</td>
</tr>
<tr>
<td>Other shelter</td>
<td>-</td>
<td>2,170</td>
</tr>
<tr>
<td>Capacity building</td>
<td>21,884</td>
<td>75,204</td>
</tr>
<tr>
<td>Strategic plan/public education</td>
<td>2,500</td>
<td>33,630</td>
</tr>
<tr>
<td>Direct client assistance</td>
<td>3,740</td>
<td>-</td>
</tr>
<tr>
<td>Operations</td>
<td>8,000</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>12,160</td>
</tr>
<tr>
<td><strong>Total purpose restricted</strong></td>
<td>372,274</td>
<td>422,578</td>
</tr>
<tr>
<td>Time restricted</td>
<td>161,838</td>
<td>119,188</td>
</tr>
<tr>
<td><strong>Total releases from net assets with donor restrictions</strong></td>
<td>$534,112</td>
<td>$541,766</td>
</tr>
</tbody>
</table>

(7) Retirement plan

The Organization sponsors a defined contribution plan for the benefit of all eligible employees. Participants may defer a portion of their salary up to the maximum allowed by law as a contribution to the plan. The Organization may also elect to contribute a discretionary amount, up to 3% of employee compensation. Contributions to the plan were $12,627 and $8,967 for the years ended December 31, 2018 and 2017, respectively.

(8) Concentrations

Approximately 88% and 98% of the Organization’s accounts receivable were due from four and three entities at December 31, 2018 and 2017, respectively. Approximately 60% and 51% of the Organization’s pledges receivable were due from four and two donors at December 31, 2018 and 2017, respectively. Approximately 16% of the Organization’s total support and revenue came from one donor for the year ended December 31, 2017.

(9) Recent accounting pronouncements

Revenue recognition - In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This standard supersedes the revenue recognition requirements in ASC Topic 605, Revenue Recognition. This standard applies to most contracts with customers and prescribes a five-step framework in accounting for revenues from contracts, including (a) identification of the contract, (b) identification of the performance obligation under the contract, (c) determination of the transaction price, (d) allocation of the transaction price to the identified performance obligation and (e) recognition of revenue as the identified performance obligation is satisfied. This standard also prescribes additional disclosures and financial statement presentations. This standard is effective for the Organization’s December 31, 2019 financial statements. The Organization may adopt the standard retrospectively or under a modified retrospective method where the cumulative effect is recognized at the date of initial application. The Organization is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.
(9) **Recent accounting pronouncements (continued)**

**Recent accounting pronouncements - Leases** - In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate, office equipment, and vehicles. Under the current accounting model, an organization applies a classification test to determine the accounting for the lease arrangement as an operating or capital lease. The new guidance will require organizations that lease assets to recognize on the statements of financial position the assets and liabilities for the rights and obligations created by those leases. A lessee will be required to recognize assets and liabilities for leases with terms of more than twelve months. Consistent with U.S. GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from a lease primarily will depend on its classification as a capital or operating lease. However, unlike current U.S. GAAP, the new ASU will require both types of leases to be recognized on the statements of financial position.

The ASU will also require disclosure to help donors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include both qualitative and quantitative analysis.

This update is effective for the Organization's December 31, 2021 financial statements and early adoption is permitted. The Organization is currently evaluating the effect that the updated standard will have on the financial statements and related disclosures.

(10) **Liquidity disclosure**

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, certificates of deposit, accounts receivable, and pledges receivable. For purposes of analyzing resources available over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Additionally, the Organization monitors its budget and anticipates sufficient revenue to cover general expenditures over the next 12 months. Refer to the statements of cash flows which identifies the sources and uses of the Organization's cash. As of December 31, 2018, the following financial assets could be made available within one year of the balance sheet date to meet general obligations:

<table>
<thead>
<tr>
<th>Financial Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$415,209</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>449,857</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>60,525</td>
</tr>
<tr>
<td>Pledges receivable, current portion</td>
<td>416,012</td>
</tr>
<tr>
<td></td>
<td><strong>1,341,603</strong></td>
</tr>
</tbody>
</table>

Less: Amounts subject to donor imposed restrictions 596,429

Financial assets available for general expenditures  $1,938,032

(11) **Subsequent events**

The Organization has evaluated subsequent events through August 23, 2019, which is the date the financial statements were available to be issued. No significant matters were identified for disclosure during this evaluation.