

EMPOWER MISSOURI

**FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

EMPOWER MISSOURI

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Empower Missouri

Opinion

We have audited the accompanying financial statements of Empower Missouri (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Empower Missouri as of June 30, 2022, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Empower Missouri and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Empower Missouri's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Empower Missouri's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Empower Missouri's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Fick, Eggemeyer, and Williamson

Fick, Eggemeyer, and Williamson CPAs
Saint Louis, Missouri
August 30, 2022

EMPOWER MISSOURI
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 281,501
Investments	1,158,892
Accounts receivable	1,208
Grants receivable	601,556
Prepaid expense	<u>3,552</u>
Total current assets	<u>2,046,709</u>
NONCURRENT ASSETS	
None	<u>-</u>
Total noncurrent assets	<u>-</u>
Total assets	<u><u>\$ 2,046,709</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 9,269
Payroll liabilities	201
Accrued vacation	<u>14,113</u>
Total current liabilities	<u>23,583</u>
NONCURRENT LIABILITIES	
None	<u>-</u>
Total noncurrent liabilities	<u>-</u>
Total liabilities	<u>23,583</u>
NET ASSETS	
Without donor restriction	135,590
With donor restriction	<u>1,887,536</u>
Total net assets	<u>2,023,126</u>
Total liabilities and net assets	<u><u>\$ 2,046,709</u></u>

See accompanying notes and independent auditors' report

EMPOWER MISSOURI
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Without Donor restriction	With Donor restriction	Total
SUPPORT AND REVENUE			
Contributions	\$ 23,976	\$ 10,800	\$ 34,776
Grants	10,000	664,469	674,469
Fundraising	23,322	-	23,322
Debt forgiveness	53,768	-	53,768
Other	569	-	569
	<u>111,635</u>	<u>675,269</u>	<u>786,904</u>
Total support and revenue	111,635	675,269	786,904
Net assets released from restrictions			
Satisfaction of restrictions	459,807	(459,807)	-
	<u>459,807</u>	<u>(459,807)</u>	<u>-</u>
Total	571,442	215,462	786,904
EXPENSES			
Program	608,130	-	608,130
	<u>608,130</u>	<u>-</u>	<u>608,130</u>
Total program expenses	608,130	-	608,130
Support expenses			
General and administration	23,096	-	23,096
Fundraising	26,333	-	26,333
	<u>26,333</u>	<u>-</u>	<u>26,333</u>
Total support expenses	49,429	-	49,429
Total expenses	657,559	-	657,559
	<u>657,559</u>	<u>-</u>	<u>657,559</u>
Changes in net assets from operations	(86,117)	215,462	129,345
	<u>(86,117)</u>	<u>215,462</u>	<u>129,345</u>
INVESTMENT ACTIVITIES			
Interest and dividends	7,933	42,491	50,424
Unrealized gain (loss) on investments	(11,456)	(181,290)	(192,746)
	<u>(11,456)</u>	<u>(181,290)</u>	<u>(192,746)</u>
Total investment activities	(3,523)	(138,799)	(142,322)
	<u>(3,523)</u>	<u>(138,799)</u>	<u>(142,322)</u>
Changes in net assets	(89,640)	76,663	(12,977)
Net assets - beginning of year	225,230	1,810,873	2,036,103
	<u>225,230</u>	<u>1,810,873</u>	<u>2,036,103</u>
Net assets - end of year	\$ 135,590	\$ 1,887,536	\$ 2,023,126
	<u>\$ 135,590</u>	<u>\$ 1,887,536</u>	<u>\$ 2,023,126</u>

See accompanying notes and independent auditors' report

EMPOWER MISSOURI
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Program	General and Administration	Fundraising	Total
Salaries	\$ 305,214	\$ 13,127	\$ 9,846	\$ 328,187
Payroll taxes	26,183	1,126	845	28,154
Fringe benefits	33,560	1,443	1,083	36,086
Advertising	6,190	-	-	6,190
Travel and meetings	20,557	-	-	20,557
Donations	1,921	-	450	2,371
Communications and thought leadership	14,250	613	460	15,323
Grants	10,000	-	-	10,000
Professional fees	126,919	5,244	3,933	136,096
Office	10,391	447	335	11,173
Occupancy	13,560	583	437	14,580
Insurance	4,125	177	133	4,435
Human resources	21,389	-	662	22,051
Software fees	7,224	311	233	7,768
Financial services	584	25	19	628
Fundraising	-	-	7,897	7,897
Other	6,063	-	-	6,063
Total	<u>\$ 608,130</u>	<u>\$ 23,096</u>	<u>\$ 26,333</u>	<u>\$ 657,559</u>

See accompanying notes and independent auditors' report

EMPOWER MISSOURI
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in net assets	\$ (12,977)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:	
Debt forgiveness	(53,768)
Unrealized (gain)/loss on investments	192,746
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(1,208)
(Increase) decrease in grants receivable	(265,462)
(Increase) decrease in prepaid expense	(237)
Increase (decrease) in accounts payable	(2,848)
Increase (decrease) in payroll liabilities	124
Net cash provided by (used in) operating activities	<u>(143,630)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	<u>20,068</u>
Net cash provided by (used in) investing activities	<u>20,068</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
None	<u>-</u>
Net cash provided by (used in) financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(123,562)
Cash and cash equivalents - beginning of year	<u>405,063</u>
Cash and cash equivalents - end of year	<u><u>\$ 281,501</u></u>

See accompanying notes and independent auditors' report

EMPOWER MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Empower Missouri (the “Organization”) is a citizens membership organization founded in 1901. It is the mission of the Organization to provide the leadership, research, education, and advocacy to improve public policies and programs impacting the health and welfare of all people in Missouri. Empower Missouri is organized as a tax-exempt corporation under the Internal Revenue Code Section 501(c)(3).

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions - Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

The Organization has adopted “Accounting for Certain Investments Held by Non-Profit Organizations.” Under the standard, investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

EMPOWER MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Accounts and grants receivable represent amounts due to the Organization that have not been collected. Based upon management's estimated collections, a provision for doubtful accounts has not been established as management considers all accounts to be collectible.

Property and Equipment

Property and equipment are recorded at cost or, in the case of donated assets, at their estimated fair market value on the date of donation. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Expenditures for repairs and maintenance are charged to operating expenses as incurred. As of June 30, 2022, no assets met the requirement for capitalization.

Contributed Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction, depending on the nature of the restriction, is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Advertising

The Organization uses advertising to promote its programs among its audiences. Advertising costs are expensed as incurred. For the fiscal year ended June 30, 2022, advertising expense was \$6,190.

Income Taxes

The Organization is exempt from income taxes pursuant to section 501(c)(3) of the Internal Revenue Service Code. Therefore, no provision is made for taxes on income.

The Organization adopted the provisions of Accounting for Uncertainty in Income Taxes on January 1, 2012. The adoption of that guidance resulted in no change to the financial statements for prior periods. As of June 30, 2022, no amounts have been recognized for uncertain tax positions. Any returns that the Organization would have prepared for fiscal years 2018 and prior are now closed.

EMPOWER MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's program services and support services. Nonoperating activities are limited to resources that generate a return on investment and other activities considered to be of a more unusual or nonrecurring nature.

Accrued Vacation

Employees of the Organization are entitled to paid vacation. Any unused vacation can be carried forward up to the maximum number of hours allowed. Employees can accumulate earned vacation and, upon separation, are paid out any unused vacation pay based on current pay rates. Accordingly, accrued vacation as of June 30, 2022 was \$14,113.

Note 2 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between fundraising, general and administration, or the appropriate program based on evaluations of the related benefits. Such allocations are determined by management on an equitable basis. Expenditures have been allocated based on time and effort or specific identification, when available.

Note 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains a deposit account at Central Bank of St. Louis. The depositor is insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of June 30, 2022, the total carrying amount of deposits totaled \$62,846 and the bank balance totaled \$69,121. Of the bank balance, no deposits were uninsured.

The Organization maintains investment accounts at Edward Jones and LPL Financial. Each depositor is insured by the Securities Investor Protection Corporation (SIPC) for up to \$500,000, including a maximum of \$250,000 for cash deposits. As of June 30, 2022, the Organization's total investments were \$1,377,547. Of the investment balance, \$218,655 were cash deposits. As of June 30, 2022, investments of \$785,980 were uninsured.

EMPOWER MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 4 - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Statement *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides 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 and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy under *Fair Value Measurements* are described below:

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

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

Common stocks, exchange-traded funds, and municipal bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value of shares held by the Organization at fiscal year-end.

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

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Common stocks	\$ 43,767	\$ -	\$ -	\$ 43,767
Mutual funds	260,817	-	-	260,817
Municipal bonds	24,086	-	-	24,086
Exchange trade funds	830,222	-	-	830,222
Total fair value	<u>\$ 1,158,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,158,892</u>

EMPOWER MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 5 - NOTE PAYABLE

In February 2021, the Organization received loan proceeds in the amount of \$53,768 under the Paycheck Protection Program (“PPP”). The PPP is administered by the Small Business Administration. The loan and accrued interest (1%) are forgivable after eight to twenty-four weeks as long as the Organization used the loan proceeds for eligible purposes, such as payroll, benefits, rent, and utilities. On July 20, 2021, the entire loan balance was forgiven, including accrued interest, and \$53,768 was recorded as debt forgiveness on the statement activities. The balance as of June 30, 2022 was \$0.

Note 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022 are restricted as follows:

	Purpose	Period
Programs and projects	\$ 354,378	\$ 931,602
Exemplary Advocates Cohort	150,000	-
Affordable Housing Coalition	412,656	-
Criminal Justice Coalition	26,000	-
Right Time Initiative	7,500	-
Fundraising Support	5,400	-
Total	\$ 955,934	\$ 931,602

Note 7 - AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at June 30, 2022:

Financial assets at year-end:	
Cash and cash equivalents	\$ 281,501
Investments	1,158,892
Accounts receivable	1,208
Grants receivable	601,556
Total financial assets at year-end	2,043,157
Less amounts not available for general expenditures within one year:	
Net assets with period restrictions in excess of one year	931,602
Net assets with purpose restrictions	955,934
Total amounts not available to meet general expenditures	1,887,536
Financial assets available to meet general expenditures within one year	\$ 155,621

EMPOWER MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 8 - DONOR-RESTRICTED ENDOWMENT FUND

The Organization's endowment fund was created to acquire financial resources for providing general support, and to fund programs and projects that fall within its mission, values, and goals. The donor restrictions are perpetual in nature, whereby the donor has stipulated that the original value of the donation and subsequent gifts to the endowment are required to be maintained in perpetuity. The remaining portion of the donor-restricted endowment fund that is not classified in period restricted net assets is classified as purpose restricted net assets until these amounts are appropriated for expenditure by the Organization in a manner consistent with donor stipulations.

Investment Return Objectives, Risk Parameters, and Strategies: The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. The policy for endowment funds states that monies can be invested in cash equivalents, investment trusts, money market accounts, bonds, preferred or common stocks, or mutual funds. The Endowment Fund Committee is required to meet at least twice per year to set a minimum and maximum percentage for equity investments. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds, if possible.

Spending Policy: The organization ordinarily appropriated for spending each fiscal year up to 5% of the value of the funds as of the last day of the third month before the year begins, but may allocate more or less, and may approve supplemental allocations.

Endowment net asset composition as of June 30, 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment corpus	\$ -	\$ 931,602	\$ 931,602
Endowment earnings	-	354,378	354,378
Total endowment funds	\$ -	\$ 1,285,980	\$ 1,285,980

Changes in endowment net assets as of June 30, 2022 follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ -	\$ 1,474,779	\$ 1,474,779
Contributions	-	-	-
Investment return, net	-	(138,799)	(138,799)
Released from restrictions	-	(50,000)	(50,000)
Endowment net assets - end of year	\$ -	\$ 1,285,980	\$ 1,285,980

EMPOWER MISSOURI
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 9 - OPERATING LEASES

- I. In November 2019, the Organization entered into a five-year lease with Great America Leasing Corporation for the use of a copier. The minimum quarterly payment is \$410. The lease agreement expires in November 2025.
- II. In November 2019, the Organization entered into a three-year lease with Cosimo Properties LLC for office space and two parking spaces. The required monthly payments are \$1,300. The lease agreement expires in October 2022.

Future minimum lease payments are as follows:

For the fiscal year ended June 30,

2023	\$ 6,840
2024	1,640
2025	410
Total	<u>\$ 8,890</u>

Expenses for lease payments totaled \$16,601 for the fiscal year ended June 30, 2022.

Note 10 - RETIREMENT PLAN

The Organization participates in a Savings Incentive Match Plan for Employees. The plan includes matching employees' contributions, up to 3% of each employee's compensation. For the fiscal year ended June 30, 2022, \$5,960 was contributed by the Organization. All contributions made to the plan are fully vested.

Note 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 30, 2022, the date which the financial statements were available to be issued, and noted no reportable events.