

LYDIA'S HOUSE, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2017 AND 2016

LYDIA'S HOUSE, INC.

ST. LOUIS, MISSOURI

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INDEPENDENT AUDITORS' REPORT



Board of Directors
LYDIA'S HOUSE, INC.

We have audited the accompanying consolidated financial statements of Lydia's House, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated 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 audit. 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 of material misstatement.

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

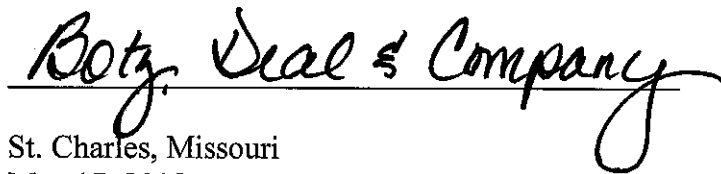
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lydia's House, Inc. as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 18 through 24 is presented for purposes of additional analysis and not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


A handwritten signature in cursive script that reads "Betz Deal & Company". The signature is written in black ink and is positioned above a horizontal line.

St. Charles, Missouri
May 17, 2018

LYDIA'S HOUSE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

ASSETS

	2017	2016
CURRENT ASSETS		
Cash	\$ 1,069,790	\$ 1,173,701
Receivables:		
Contracts	250,262	102,065
Promise to give	66,667	5,000
Accounts receivable	8,611	10,132
Prepaid expenses	44,991	50,661
Inventory	17,166	18,856
TOTAL CURRENT ASSETS	1,457,487	1,360,415
 FIXED ASSETS		
Land	524,887	524,916
Buildings and improvements	4,131,050	3,862,072
Furniture and equipment	61,699	25,575
Vehicles	92,203	35,099
Total Cost	4,809,839	4,447,662
Less: accumulated depreciation and amortization	1,412,136	1,288,156
Construction in progress	65,657	-
NET FIXED ASSETS	3,463,360	3,159,506
 OTHER ASSETS		
Deposits	5,683	5,592
 TOTAL ASSETS	 \$ 4,926,530	 \$ 4,525,513

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS

	2017	2016
CURRENT LIABILITIES		
Note payable - amount due in one year	\$ 40,450	\$ 39,444
Accounts payable	31,229	20,648
Payroll taxes payable	5,075	4,957
Accrued expenses:		
Vacations	15,061	14,846
Salaries and wages	24,895	23,766
Retirement plan	-	1,162
Interest	168	1,232
Other	820	11,623
Deferred revenue	2,948	11,607
Resident CCS payments	6,932	8,873
Security deposits	1,800	3,208
TOTAL CURRENT LIABILITIES	129,378	141,366
LONG-TERM LIABILITIES		
Note payable	793,474	833,939
Less: amount due in one year	40,450	39,444
Less: loan fees, net of accumulated amortization	4,586	5,994
TOTAL LONG-TERM LIABILITIES	748,438	788,501
TOTAL LIABILITIES	877,816	929,867
NET ASSETS		
Unrestricted:		
Undesignated	3,471,747	2,989,931
Board designated - operating reserve	250,000	250,000
Board designated - repairs	26,397	26,397
Temporarily restricted	300,570	329,318
TOTAL NET ASSETS	4,048,714	3,595,646
TOTAL LIABILITIES AND NET ASSETS	\$ 4,926,530	\$ 4,525,513

The accompanying notes are an integral part of these financial statements.

LYDIA'S HOUSE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES, GAINS AND SUPPORT			
Government support	\$ 899,966	\$ 15,000	\$ 914,966
Contributions	505,158	155,500	660,658
Merchandise and food sales	20,305	-	20,305
Less: cost of sales	(19,751)	-	(19,751)
Net income from sales	554	-	554
Special events	255,410	-	255,410
Interest and dividend income	2,530	-	2,530
Rental income	26,517	-	26,517
In-kind contributions	35,262	-	35,262
Miscellaneous	16,908	-	16,908
Net loss on sales of assets	(3,317)	-	(3,317)
Net assets released from restriction	199,248	(199,248)	-
TOTAL REVENUES, GAINS AND SUPPORT	1,938,236	(28,748)	1,909,488
EXPENSES			
Program	1,113,781	-	1,113,781
Management and general	82,058	-	82,058
Fundraising	260,581	-	260,581
TOTAL EXPENSES	1,456,420	-	1,456,420
CHANGE IN NET ASSETS	481,816	(28,748)	453,068
NET ASSETS - BEGINNING OF YEAR	3,266,328	329,318	3,595,646
NET ASSETS - END OF YEAR	\$ 3,748,144	\$ 300,570	\$ 4,048,714

The accompanying notes are an integral part of these financial statements.

LYDIA'S HOUSE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUES, GAINS AND SUPPORT			
Government support	\$ 960,493	\$ -	\$ 960,493
Contributions	568,539	355,750	924,289
Merchandise sales	28,312	-	28,312
Less: cost of sales	(19,937)	-	(19,937)
Net income from sales	8,375	-	8,375
Special events	259,480	-	259,480
Interest and dividend income	1,708	-	1,708
Rental income	27,744	-	27,744
In-kind contributions	52,812	-	52,812
Miscellaneous	7,904	-	7,904
Loss on sale of assets	(707)	-	(707)
Net assets released from restriction	32,448	(32,448)	-
TOTAL REVENUES, GAINS AND SUPPORT	1,918,796	323,302	2,242,098
EXPENSES			
Program	972,046	-	972,046
Management and general	69,722	-	69,722
Fundraising	275,440	-	275,440
TOTAL EXPENSES	1,317,208	-	1,317,208
CHANGE IN NET ASSETS	601,588	323,302	924,890
NET ASSETS - BEGINNING OF YEAR	2,664,740	6,016	2,670,756
NET ASSETS - END OF YEAR	\$ 3,266,328	\$ 329,318	\$ 3,595,646

The accompanying notes are an integral part of these financial statements.

LYDIA'S HOUSE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND - RAISING</u>	<u>TOTAL</u>
Salaries	\$ 479,548	\$ 41,001	\$ 80,942	\$ 601,491
Payroll taxes and fringe benefits	115,803	8,853	15,104	139,760
Amortization	1,606	450	199	2,255
Assistance/aid	48,285	-	-	48,285
Bank and credit card fees	-	80	4,614	4,694
Depreciation	138,343	7,892	4,130	150,365
Dues and subscriptions	4,464	372	435	5,271
Equipment rental	1,842	52	103	1,997
Information technology	6,001	532	3,969	10,502
Insurance	26,467	3,635	4,684	34,786
Interest	29,541	5,525	2,276	37,342
Meetings	213	150	1,122	1,485
Mileage and parking	510	-	26	536
Miscellaneous	2,229	434	1,132	3,795
Postage	1,173	104	1,271	2,548
Printing	1,385	123	13,105	14,613
Professional fees	35,631	1,575	19,054	56,260
Repairs and maintenance	39,619	2,360	3,138	45,117
Retirement plan contributions	12,350	1,177	2,189	15,716
Security	1,147	102	203	1,452
Special events	-	-	94,950	94,950
Supplies and furnishings	37,314	1,108	1,587	40,009
Telephone	18,564	1,212	2,309	22,085
Travel	688	-	-	688
Utilities	101,710	4,250	4,039	109,999
Vehicle costs	9,348	1,071	-	10,419
TOTAL	\$ 1,113,781	\$ 82,058	\$ 260,581	\$ 1,456,420

The accompanying notes are an integral part of these financial statements.

LYDIA'S HOUSE, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND - RAISING</u>	<u>TOTAL</u>
Salaries	\$ 424,279	\$ 42,111	\$ 81,889	\$ 548,279
Payroll taxes and fringe benefits	93,954	9,040	15,503	118,497
Amortization	1,168	14	476	1,658
Assistance/aid	58,450	-	-	58,450
Bank and credit card fees	-	-	5,347	5,347
Continuing education	1,453	526	-	1,979
Depreciation	114,719	2,498	6,247	123,464
Dues and subscriptions	5,505	100	798	6,403
Equipment rental	1,369	-	-	1,369
Information technology	12,179	1,282	7,390	20,851
Insurance	20,297	3,427	4,268	27,992
Interest	22,776	328	3,401	26,505
Meetings	532	2,018	73	2,623
Mileage and parking	828	-	51	879
Miscellaneous	11,140	458	3,178	14,776
Postage	1,294	123	1,001	2,418
Printing	2,800	295	9,819	12,914
Professional fees	14,997	1,214	23,467	39,678
Rent	2,407	-	-	2,407
Repairs and maintenance	22,235	292	3,211	25,738
Retirement plan contributions	9,043	1,119	2,185	12,347
Security	2,264	-	-	2,264
Special events	-	-	98,640	98,640
Supplies and furnishings	46,902	491	1,058	48,451
Telephone	14,189	881	1,763	16,833
Travel	100	903	4,223	5,226
Utilities	80,510	1,340	1,452	83,302
Vehicle costs	6,656	1,262	-	7,918
TOTAL	<u>\$ 972,046</u>	<u>\$ 69,722</u>	<u>\$ 275,440</u>	<u>\$ 1,317,208</u>

The accompanying notes are an integral part of these financial statements.

LYDIA'S HOUSE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Public support and contributions received	\$ 823,500	\$ 1,190,464
Government support received	766,769	880,341
Cash paid to suppliers and employees	(1,245,428)	(1,179,313)
Miscellaneous income received	16,908	7,904
Rental income received	26,517	27,744
Interest and dividends received	2,530	1,708
Interest paid	(36,998)	(25,757)
NET CASH PROVIDED BY OPERATING ACTIVITIES	353,798	903,091
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of stock	41,752	29,409
Purchase of fixed assets	(458,996)	(634,712)
NET CASH USED BY INVESTING ACTIVITIES	(417,244)	(605,303)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	275,000
Payments on notes payable	(40,465)	(50,721)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(40,465)	224,279
NET INCREASE (DECREASE) IN CASH	(103,911)	522,067
CASH - BEGINNING OF YEAR	1,173,701	651,634
CASH - END OF YEAR	\$ 1,069,790	\$ 1,173,701

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

	2017	2016
CHANGE IN NET ASSETS	\$ 453,068	\$ 924,890
 ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Stock donations	(42,547)	(30,116)
Depreciation and amortization	152,620	125,122
Amortization of loan fees	1,408	831
Loan issuance fees	-	(3,843)
Realized loss on sales of assets	3,317	707
(Increase) decrease in assets:		
Receivables	(146,676)	(81,921)
Promises to give	(61,667)	(1,000)
Prepaid expenses	5,670	(25,909)
Inventory	1,690	2,340
Deposits	(91)	887
Increase (decrease) in liabilities:		
Accounts payable	10,581	(13,535)
Accrued expenses	(11,567)	7,531
Deferred revenue	(8,659)	9,499
Resident CCS payments	(1,941)	(7,887)
Security deposits	(1,408)	(4,505)
TOTAL ADJUSTMENTS	(99,270)	(21,799)
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 \$ 353,798	 \$ 903,091

SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION:

In-kind donations of program supplies and assistance items in the amount of \$35,262 and \$52,812 were received during the years ended September 30, 2017 and 2016, respectively.

The accompanying notes are an integral part of these financial statements.

LYDIA'S HOUSE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

1. DESCRIPTION OF OPERATIONS

Lydia's House, Inc. (the Organization) was founded in 1995 by a four-person mission group who after research and discussions with domestic violence service providers in the St. Louis area decided to address the urgent need of safe and confidential housing for battered women and their children. Lydia's House continues to be the only confidentially-located, stand-alone transitional housing program in Missouri specifically for domestic violence victims. In the 22 years since Lydia's House opened its first site, the agency has grown from serving 2 families to serving 45 women and up to 80 children at a given time. Lydia's House's services include transitional housing, advocacy/case-management, legal advocacy, support groups, art therapy, counseling, children's program, community meals and outings, specialized services for immigrant survivors, follow-up services and the Ladle job training/employment program.

The Organization's public support is currently funded by community and government organizations, St. Louis-based corporations, and individual donations.

In August 2013 Lydia's House created a new entity, Lydia's Ladle, LLC. Through this program, women gain practical work experience, make contacts for future job references, learn job skills that would make them a desirable job candidate in the food/restaurant business, and most importantly, gradually transition into the full-time work force after leaving Lydia's House. Lydia's House is proud to say that, since the Lydia's Ladle's inception, 22 women have been provided with employment and job training.

In the summer of 2015, Lydia's House expanded its housing capacity by selling its smaller housing complex and purchasing a larger apartment building. This addition has increased the Organization's housing capacity from 36 to 45 independent apartments.

In June of 2016, Lydia's House purchased an additional property for the use of administrative offices, Lydia's Ladle commercial kitchen, and the Educational Resource Center for Lydia's House. Lydia's House began renovation this year in order to serve 5 more families bringing our support to 50 women and their children who are victims of domestic violence and are in need of safe housing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements - The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary, Lydia's Ladle, LLC. The financial statements also include assets of a grantor trust held for the benefit of the Organization. All significant intercompany accounts and transactions have been eliminated in the consolidation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation - Financial statement presentation follows the recommendations of the FASB Accounting Standard Codification Topic 958, Not-for-Profit Entities. Under Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of September 30, 2017 and 2016, the Organization did not have any permanently restricted net assets.

Contracts and Accounts Receivable - Receivables consist of contract and other revenue earned and not yet received. An allowance for doubtful accounts is not deemed necessary by management as, historically, few balances have been written off.

Cash - The Organization maintains its cash in accounts at six commercial banks and one brokerage firm. A summary of the total insured and uninsured amounts as of September 30, 2017 follows:

Total cash held	\$ 1,086,952
Portion secured by FDIC and SIPC	<u>(1,086,952)</u>
Uninsured cash balance	<u>\$ -</u>

Investments - The Organization carries investments in marketable securities with readily determinable fair values at their fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Promises to Give - Unconditional promises to give are recognized as revenues or gains in the period awarded and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized as revenue only when the conditions are substantially met and the promises become unconditional.

Inventory - The Organization's inventories, which are stated at cost, consist of items that are sold to help fund the programs and provide workforce training for residents.

Fixed Assets - Fixed assets are recorded at cost or fair market value at time of donation and depreciated over estimated useful lives as follows:

<u>Major Group</u>	<u>Method</u>	<u>Life</u>
Buildings and improvements	Straight-line	5 - 39 years
Furniture and equipment	Accelerated and Straight-line	5 - 7 years
Vehicles	Straight-line	3 - 5 years

As in prior years, various items of furniture and equipment were donated to the Organization for which no fair market value was available and accordingly have not been recorded on the books.

All acquisitions of property and equipment of \$2,500 or more are capitalized. Depreciation was \$150,365 and \$123,464 for the years ended September 30, 2017 and 2016, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions - Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Statement of Cash Flows - For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Donated Services - The Organization pays for most services requiring specific expertise. However, a substantial number of hours have been contributed by unpaid volunteers to the various programs. These services are considered to add a dimension to the quality of program services over and above that which can be provided by salaried personnel. Donated services have not been reflected in the financial statements because they do not meet the criteria of FASB Accounting Standards Codification Topic 958 for recording in-kind donation of services.

Concentration of Revenue - For the fiscal year ended September 30, 2017, the Organization received approximately 48% of its revenue from local, state, and federal agencies, through grant/contract agreements.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes - The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

Functional Allocation of Expenses - The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services based on management's analysis of time and expense. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Change in Accounting Principle - Effective for the year ended September 30, 2017, the Organization elected to change its method of presentation relating to loan origination fees in accordance with FASB ASU 2015-03. Prior to fiscal year 2017, the Organization's policy was to present these loan origination fees in Other Assets on the Statement of Financial Position, net of accumulated amortization. Beginning in fiscal year 2017, the Organization has presented these fees as a direct deduction to the related note payable. The prior period information presented has been retrospectively adjusted to reflect this change for comparability of information presented. ASU 2015-03 is limited to the presentation of debt issuance costs and will not affect the recognition and measurement of debt issuance costs. Since ASU 2015-03 involves Statement of Financial Position presentation only, its adoption will not have any impact on the Organization's net assets.

3. INVESTMENTS

The following schedule summarizes the investment return included in the Statement of Activities for the years ended September 30:

	<u>2017</u>	<u>2016</u>
Investment income	\$ 45	\$ 35
Realized gain (loss) on investments	<u>(795)</u>	<u>(707)</u>
	<u>\$ (750)</u>	<u>\$ (672)</u>

4. PROMISES TO GIVE

Unconditional promises to give at September 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 33,333	\$ 5,000
Receivable in one to five years	<u>33,334</u>	<u>-</u>
Total unconditional promises to give	66,667	5,000
Less: discounts to net present value	<u>-</u>	<u>-</u>
Net unconditional promises to give	<u>\$ 66,667</u>	<u>\$ 5,000</u>

The promises to give receivable has not been discounted to its net present value as management has deemed the amount to be immaterial to the financial statements.

5. **NOTES PAYABLE**

Notes payable consists of:

	<u>2017</u>	<u>2016</u>
Midwest BankCentre - mortgage Collateral - deed of trust on property Interest rate - 4.50% Maturity - April 23, 2019 Payments - \$2,169 per month, which includes principal and interest	\$ 179,011	\$ 196,447
Midwest BankCentre - mortgage Collateral - deed of trust on property Interest rate - 4.25% Maturity - June 5, 2020 Payments - \$2,366 per month, which includes principal and interest	350,600	364,662
Midwest BankCentre - mortgage Collateral - deed of trust on property Interest rate - 4.26% Maturity - June 20, 2021 Payments - \$1,712 per month, which includes principal and interest	263,863	272,830
TOTAL	\$ <u>793,474</u>	\$ <u>833,939</u>

Estimated maturities of the notes payable for the years ending September 30 are as follows:

2018	\$ 40,450
2019	184,887
2020	334,067
2021	<u>234,070</u>
TOTAL	\$ <u>793,474</u>

6. **LINE OF CREDIT**

The Organization has available a line-of-credit with Midwest BankCentre, which bears interest at 4.50% per annum and matures April 23, 2018. The Organization did not have any borrowings on the line in the years ended September 30, 2017 or 2016.

7. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of September 30:

	<u>2017</u>	<u>2016</u>
Family support	\$ 98,054	\$ 31,849
Furniture, equipment, building renovations	187,099	295,802
General support - time	<u>15,417</u>	<u>1,667</u>
TOTAL RESTRICTED NET ASSETS	<u>\$ 300,570</u>	<u>\$ 329,318</u>

8. OPERATING LEASE

In June 2016 the Organization purchased a building from a local not-for-profit organization to use for office space, to house the Lydia's Ladle kitchen, and for other community space. A three-month lease was entered into with the previous owner beginning July 1, 2016. Rent of \$7,857 a month was received from the organization for a total of \$23,572 during the previous fiscal year. In the current year, the previous owner rented the building for an additional three months at \$8,839 a month, for a total of \$26,517.

9. RETIREMENT PLANS

The Organization had two retirement plans in effect during the fiscal year ended September 30, 2016. The plan in effect for the three months ended December 31, 2015 provided for an employer contribution of 2% of an eligible employee's compensation. In addition, employees could contribute to the plan up to the annual limit allowed by the Internal Revenue Service. The current plan, adopted as of January 1, 2016, is a defined contribution plan that provides for an employer contribution of 3% of an eligible employee's compensation. Eligibility begins in the fiscal year after the employee has worked in at least one of the preceding five years. Retirement plan expense for the years ended September 30, 2017 and 2016 was \$15,716 and \$12,347, respectively.

10. INCOME TAX

FASB Accounting Standards Codification Topic 740, Income Taxes, provides for the recognition of tax benefits related to uncertain tax positions. For the years ended September 30, 2017 and 2016, management believes there are no material uncertain tax positions. The Organization files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2013 are closed.

11. RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current year financial statements.

12. **SUBSEQUENT EVENTS**

As of May 17, 2018, the date the financial statements were available to be issued, no subsequent events or transactions had occurred that would have materially impacted the financial statements as presented.

SUPPLEMENTAL INFORMATION

LYDIA'S HOUSE, INC.
SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 1,058,659
Receivables:	
Contracts	250,262
Promise to give	66,667
Account receivable	5,686
Prepaid expenses	44,991
Inventory - merchandise	14,871
TOTAL CURRENT ASSETS	<u>1,441,136</u>

FIXED ASSETS

Land	524,887
Buildings and improvements	4,131,050
Furniture and equipment	61,699
Vehicles	92,203
Total Cost	<u>4,809,839</u>
Less: accumulated depreciation and amortization	1,412,136
Construction in progress	65,657
NET FIXED ASSETS	<u>3,463,360</u>

OTHER ASSETS

Deposits	5,683
Member's capital contribution - Lydia's Ladle	100
Due from Lydia's Ladle	135,196
TOTAL OTHER ASSETS	<u>140,979</u>

TOTAL ASSETS	<u><u>\$ 5,045,475</u></u>
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See Independent Auditors' Report.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Notes payable - amount due in one year	\$ 40,450
Accounts payable	30,963
Payroll taxes payable	3,502
Accrued expenses:	
Vacations	15,061
Salaries and wages	23,551
Interest	168
Other	820
Deferred revenue	2,948
Resident CCS payments	6,932
Security deposits	1,800
TOTAL CURRENT LIABILITIES	<u>126,195</u>

LONG-TERM LIABILITIES

Notes payable	793,474
Less: amount due in one year	40,450
Less: loan fees, net of amortization	4,586
TOTAL LONG-TERM LIABILITIES	<u>748,438</u>

TOTAL LIABILITIES 874,633

NET ASSETS

Unrestricted:	
Undesignated	3,593,875
Board designated - operating reserve	250,000
Board designated - repairs	26,397
Temporarily restricted	300,570
TOTAL NET ASSETS	<u>4,170,842</u>

TOTAL LIABILITIES
AND NET ASSETS \$ 5,045,475

See Independent Auditors' Report.

LYDIA'S HOUSE, INC.
SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES, GAINS AND SUPPORT			
Government support	\$ 899,966	\$ 15,000	\$ 914,966
Contributions	505,158	155,500	660,658
Special events	255,410	-	255,410
Interest and dividend income	2,530	-	2,530
In-kind contributions	35,262	-	35,262
Rental income	26,517	-	26,517
Miscellaneous	16,725	-	16,725
Loss on sales of assets	(3,317)	-	(3,317)
Net assets released from restriction	199,248	(199,248)	-
TOTAL REVENUES, GAINS AND SUPPORT	<u>1,937,499</u>	<u>(28,748)</u>	<u>1,908,751</u>
EXPENSES			
Program	1,083,601	-	1,083,601
Management and general	81,326	-	81,326
Fundraising	259,983	-	259,983
TOTAL EXPENSES	<u>1,424,910</u>	<u>-</u>	<u>1,424,910</u>
CHANGE IN NET ASSETS	512,589	(28,748)	483,841
NET ASSETS - BEGINNING OF YEAR	<u>3,357,683</u>	<u>329,318</u>	<u>3,687,001</u>
NET ASSETS - END OF YEAR	<u>\$ 3,870,272</u>	<u>\$ 300,570</u>	<u>\$ 4,170,842</u>

See Independent Auditors' Report.

LYDIA'S HOUSE, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND - RAISING</u>	<u>TOTAL</u>
Salaries	\$ 452,966	\$ 40,493	\$ 80,434	\$ 573,893
Payroll taxes and fringe benefits	112,341	8,765	15,016	136,122
Amortization	1,606	450	199	2,255
Assistance/aid	48,285	-	-	48,285
Bank and credit card fees	-	80	4,614	4,694
Depreciation	138,343	7,892	4,130	150,365
Dues and subscriptions	4,464	372	435	5,271
Equipment rental	1,842	52	103	1,997
Information technology	6,001	532	3,969	10,502
Insurance	26,429	3,635	4,684	34,748
Interest	29,541	5,525	2,276	37,342
Meetings	213	150	1,122	1,485
Mileage and parking	510	-	26	536
Miscellaneous	2,131	298	1,130	3,559
Postage	1,173	104	1,271	2,548
Printing	1,385	123	13,105	14,613
Professional fees	35,631	1,575	19,054	56,260
Repairs and maintenance	39,619	2,360	3,138	45,117
Retirement plan contributions	12,350	1,177	2,189	15,716
Security	1,147	102	203	1,452
Special events	-	-	94,950	94,950
Supplies and furnishings	37,314	1,108	1,587	40,009
Telephone	18,564	1,212	2,309	22,085
Travel	688	-	-	688
Utilities	101,710	4,250	4,039	109,999
Vehicle costs	9,348	1,071	-	10,419
TOTAL	<u>\$ 1,083,601</u>	<u>\$ 81,326</u>	<u>\$ 259,983</u>	<u>\$ 1,424,910</u>

See Independent Auditors' Report.

LYDIA'S LADLE, LLC
SCHEDULE OF FINANCIAL POSITION
SEPTEMBER 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$	11,131
Accounts receivable		2,925
Inventory		2,295
TOTAL ASSETS	\$	16,351

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES

Accounts payable	\$	266
Payroll taxes payable		1,573
Accrued salaries and wages		1,344
TOTAL CURRENT LIABILITIES		3,183

LONG-TERM LIABILITY

Due to Lydia's House, Inc.		135,196
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TOTAL LIABILITIES		138,379
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NET ASSETS (DEFICIT)

Member capital contribution		100
Unrestricted deficit		(122,128)
TOTAL NET DEFICIT		(122,028)

TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$	16,351
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See Independent Auditors' Report.

LYDIA'S LADLE, LLC
SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

REVENUES, GAINS AND SUPPORT

Sales - food products	\$	20,305
Miscellaneous		183
TOTAL REVENUES, GAINS AND SUPPORT		20,488

COST OF SALES

Food costs		9,331
Packaging costs		5,813
Kitchen supplies and equipment		3,409
Uniforms		993
Other		205
TOTAL COST OF SALES		19,751

GROSS PROFIT		737
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EXPENSES

Program		30,180
Management and general		732
Fundraising		598
TOTAL EXPENSES		31,510

CHANGE IN NET ASSETS		(30,773)
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NET DEFICIT - BEGINNING OF YEAR		(91,355)
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NET DEFICIT - END OF YEAR	\$	(122,128)
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See Independent Auditors' Report.

LYDIA'S LADLE, LLC
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 26,582	\$ 508	\$ 508	\$ 27,598
Payroll taxes and fringe benefits	3,462	88	88	3,638
Insurance	38	-	-	38
Miscellaneous	98	136	2	236
TOTAL	<u>\$ 30,180</u>	<u>\$ 732</u>	<u>\$ 598</u>	<u>\$ 31,510</u>

See Independent Auditors' Report.