

# Leadingham Rodgers, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Aid To Inmate Mothers, Inc.

We have audited the accompanying financial statements of the Aid To Inmate Mothers, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 financial statements referred to above present fairly, in all material respects, the financial position of Aid To Inmate Mothers, Inc. as of December 31, 2016 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Supplementary Information

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

*Leadingham Rodgers, LLC*

Montgomery, Alabama  
September 30, 2017

**AID TO INMATE MOTHERS, INC.**  
MONTGOMERY, ALABAMA  
DECEMBER 31, 2016

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**AID TO INMATE MOTHERS, INC.**  
MONTGOMERY, ALABAMA

**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016**

<b>ASSETS</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 37,203	\$ -0-	\$ -0-	\$ 37,203
Deposits	1,034	-0-	-0-	1,034
Pledges and grants receivable	<u>6,501</u>	<u>-0-</u>	<u>-0-</u>	<u>6,501</u>
<b>Total Current Assets</b>	<u>\$ 44,738</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 44,738</u>
<b>PROPERTY AND EQUIPMENT</b>				
Property and equipment	\$ 168,695	\$ -0-	\$ -0-	\$ 168,695
LESS: Accumulated depreciation	<u>(69,155)</u>	<u>-0-</u>	<u>-0-</u>	<u>(69,155)</u>
<b>Total Property and Equipment</b>	<u>\$ 99,540</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 99,540</u>
<b>TOTAL ASSETS</b>	<u>\$ 144,278</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 144,278</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 7,709	\$ -0-	\$ -0-	\$ 7,709
Accrued expenses	6,180	-0-	-0-	6,180
Current maturities of Long-term debt	<u>4,714</u>	<u>-0-</u>	<u>-0-</u>	<u>4,714</u>
<b>Total Current Liabilities</b>	<u>\$ 18,603</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 18,603</u>
<b>OTHER LIABILITIES</b>				
Line of credit – Compass Bank	<u>\$ 28,011</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 28,011</u>
<b>Total Other Liabilities</b>	<u>\$ 28,011</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 28,011</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 46,614</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 46,614</u>
<b>NET ASSETS</b>				
Unrestricted	<u>\$ 97,664</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 97,664</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 97,664</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 97,664</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 144,278</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 144,278</u>

See independent auditors' report.  
See notes to financial statements.

**AID TO INMATE MOTHERS, INC.**  
MONTGOMERY, ALABAMA

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>				
State, City and foundation support	\$ 94,558	\$ -0-	\$ -0-	\$ 94,558
United Way	29,380	-0-	-0-	29,380
Individuals, churches and organizations	75,948	-0-	-0-	75,948
Rent	16,527	-0-	-0-	16,527
Interest	1	-0-	-0-	1
Other income	1,000	-0-	-0-	1,000
Fundraising	<u>3,120</u>	<u>-0-</u>	<u>-0-</u>	<u>3,120</u>
<b>Total revenue and support</b>	<u><b>\$ 220,534</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ 220,534</b></u>
<b>EXPENDITURES</b>				
<b>PROGRAM SERVICES</b>	<u><b>\$ 146,843</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ 146,843</b></u>
<b>SUPPORTING SERVICES</b>				
General and administrative	\$ 48,935	\$ -0-	\$ -0-	\$ 48,935
Fundraising	<u>4,249</u>	<u>-0-</u>	<u>-0-</u>	<u>4,249</u>
<b>Total supporting services</b>	<u><b>\$ 53,184</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ 53,184</b></u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$ 200,027</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ 200,027</b></u>
<b>CHANGE IN NET ASSETS</b>	<u><b>\$ 20,507</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ -0-</b></u>	<u><b>\$ 20,507</b></u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u><b>77,157</b></u>	<u><b>-0-</b></u>	<u><b>-0-</b></u>	<u><b>77,157</b></u>
<b>NET ASSETS, END OF YEAR</b>	<u><u><b>\$ 97,664</b></u></u>	<u><u><b>\$ -0-</b></u></u>	<u><u><b>\$ -0-</b></u></u>	<u><u><b>\$ 97,664</b></u></u>

See independent auditors' report.  
See notes to financial statements.



**AID TO INMATE MOTHERS, INC.**  
MONTGOMERY, ALABAMA

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Increase in net assets	\$ 20,507
<b>Adjustment to reconcile change in net assets to net cash used by operating activities:</b>	
Depreciation	13,497
<b>Change in operating assets and liabilities:</b>	
Decrease in pledges and grants receivable	485
Increase in accounts payable	2,752
Increase in accrued expenses	<u>6,180</u>
<b>Net cash provided by operating activities</b>	<b><u>\$ 43,421</u></b>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of fixed assets	\$ <u>(2,933)</u>
<b>Net cash used by investing activities</b>	<b><u>\$ (2,933)</u></b>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Proceeds from line of credit	\$ 2,599
Note payments	<u>(10,736)</u>
<b>Net cash used by financing activities</b>	<b><u>\$ (8,137)</u></b>

<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 32,351</b>
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<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>4,852</u></b>
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<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u><u>\$ 37,203</u></u></b>
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**SUPPLEMENTAL CASH FLOWS DISCLOSURES:**

<b>Cash paid during the year for:</b>	
Interest	\$ 4,640

See independent auditors' report.  
See notes to financial statements.

**AID TO INMATE MOTHERS, INC.**  
MONTGOMERY, ALABAMA

Exhibit D

**SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>PROGRAM</u>	<u>SUPPORTING</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries	\$ 80,806	\$ 13,145	\$ 1,954	\$ 95,905
Payroll taxes	6,072	837	70	6,979
Direct program expenses	46,827	4,418	40	51,285
Professional fees	529	4,498	265	5,292
Meals and entertainment	25	209	12	246
Legal and accounting	610	5,190	305	6,105
Fundraising expenses	-0-	-0-	247	247
Copier lease and maintenance	156	1,325	78	1,559
Other expenses	305	2,596	153	3,054
Insurance	-0-	5,287	-0-	5,287
Postage and shipping	221	1,877	110	2,208
Operating supplies	133	1,129	66	1,328
Vehicle expenses	121	1,025	60	1,206
Depreciation	9,448	3,374	675	13,497
Finance charges	1,472	3,014	154	4,640
Bank charges	68	577	34	679
Professional memberships	50	434	26	510
<b>TOTAL</b>	<b><u>\$ 146,843</u></b>	<b><u>\$ 48,935</u></b>	<b><u>\$ 4,249</u></b>	<b><u>\$ 200,027</u></b>

See independent auditors' report.  
See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Aid to Inmate Mothers, Incorporated (AIM) is a private, nonprofit organization founded in 1990. The Corporation's purpose is to provide vital support services for Alabama incarcerated mothers and their children, to work with these incarcerated mothers to provide emotional support, conduct GED classes, parenting, job skills, social abuse and drug abuse classes aimed at providing the women the opportunity to reenter society and have a successful relationship with their families, and to improve the relationship between the incarcerated mothers and their children.

**Basis of Presentation**

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

AIM reports information regarding its financial position and results of operations according to three classes of net assets: permanently restricted net assets, temporarily restricted net assets and unrestricted net assets.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, AIM considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Property and Equipment**

AIM capitalizes property and equipment at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, AIM reports expirations of donor restrictions when the donated or acquired assets are placed in service. AIM reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five to thirty-nine years. The major categories of property and equipment net of accumulated depreciation are:

	Cost
Building	\$ 120,459
Land	5,000
Automobile	4,500
Equipment	38,035
Software	701
LESS: accumulated depreciation	(69,155)
<b>NET BOOK VALUE</b>	<b><u>\$ 99,540</u></b>

Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

**Tax Status**

AIM is a not-for-profit corporation formed pursuant to the not-for-profit provisions of the State of Alabama and is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code.

AIM's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2014, 2015 and 2016 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.  
(continued on next page)

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

AIM adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. AIM has analyzed tax positions taken for filing with the Internal Revenue Service. AIM believed that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on AIM's financial condition, results of operations or cash flows. Accordingly, AIM has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2016. AIM is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. AIM believes it is no longer subject to income tax examinations for year prior to 2014.

**Accounting for Contributions**

AIM accounts for contributions received and contributions made based on the determination of the restrictions placed on contributions and unconditional promises to give, as well as recognition of a contribution at estimated fair value in the period the promise to give is made. Restricted contributions received and satisfied in the same year are reported as unrestricted.

AIM accounts for contributions received on behalf of other organizations as agency transactions in accordance with FASB ASC 958-605-25-23, *Transfers of Assets to a Non-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*.

**Donated Goods and Services**

Donated goods are reflected as contributions at their estimated fair market value at the date of donation. AIM recognizes contribution revenue for certain services received at the fair value of those services. Such revenues are recognized by AIM when the services received either create or enhance nonfinancial assets, or the services received require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

**Date of Management's Review**

In preparing the financial statements, Management evaluated subsequent events through September 30, 2017, the date the financial statements were available to be issued.

**NOTE 2 - CONCENTRATIONS OF CREDIT RISK**

AIM maintains cash balances at one institution. The cash balance at the financial institutions is insured by the Federal Deposit Insurance Corporation up to \$ 250,000 on interest-bearing accounts. At December 31, 2016, AIM had no uninsured balances.

**NOTE 3 - COMPENSATED ABSENCES**

AIM's policy on compensated absences is to recognize the costs when actually paid to employees. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements.

**AID TO INMATE MOTHERS, INC.**  
**MONTGOMERY, ALABAMA**  
**DECEMBER 31, 2016**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 4 - NOTES PAYABLE**

The Corporation has a note payable outstanding as of December 31, 2016, with Compass Bank. The loan is unsecured.

The composition of the note is as follows:

<u>Outstanding Amount</u>	<u>Loan Date</u>	<u>Due Date</u>	<u>Interest Rate</u>	<u>Paid To</u>	<u>Description Of Liability, Collateral Security Interests, Liens, Endorsers, Inc.</u>
\$ 4,714	05/03/2013	05/03/2017	6.84%	12/31/2016	None

Scheduled maturities by year ended December 31 are:  
2017 - \$ 4,714

AIM's debt has been satisfied as of the release date of these financial statements, September 30, 2017.

Aim also has a line of credit with a limit of \$ 30,000. The interest rate is 7.85%. The balance outstanding at December 31, 2016 is \$ 28,811.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The Folk's Art Project is conducted solely by a Board member, Mark Montoya, on AIM's behalf. This project is intended to benefit incarcerated mothers financially by selling handmade pieces of art to external customers. The Board member sells artwork on behalf of incarcerated mothers and is responsible for the collection of funds and their disbursement to the appropriate inmates. After the Board member collects an adequate amount of funds, he then utilizes Access Secure Deposits, a service of Access Corrections, to fund the inmate's account in custody of the Alabama Department of Corrections. Since 2013, the Board member has collected \$ 4,989 from the sales of inmate artwork. He has also disbursed or expended the same amount within that time.