

**Children and Family Urban Ministries
d/b/a Children and Family Urban Movement
Des Moines, Iowa**

FINANCIAL REPORT

December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Children and Family Urban Ministries
d/b/a Children and Family Urban Movement
Des Moines, Iowa

We have audited the accompanying financial statements of the Children and Family Urban Ministries d/b/a Children and Family Urban Movement, a nonprofit corporation, which comprise the statements of financial position as of December 31, 2016 and 2015, 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.

Auditor's 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 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 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 the Children and Family Urban Ministries d/b/a Children and Family Urban Movement as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Denman & Company, LLP".

DENMAN & COMPANY, LLP

West Des Moines, Iowa
March 31, 2017

**Children and Family Urban Ministries
d/b/a Children and Family Urban Movement
STATEMENTS OF FINANCIAL POSITION**

	December 31	
ASSETS	2016	2015
Cash and cash equivalents	\$ 651,670	\$ 922,395
Other receivable	2,875	2,300
Equipment, net	<u>79,535</u>	<u>65,037</u>
Totals	<u>\$ 734,080</u>	<u>\$ 989,732</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued expenses	\$ <u>6,001</u>	\$ <u>44,436</u>
NET ASSETS		
Unrestricted	321,402	463,608
Temporarily restricted	<u>406,677</u>	<u>481,688</u>
Total net assets	<u>728,079</u>	<u>945,296</u>
Totals	<u>\$ 734,080</u>	<u>\$ 989,732</u>

See Notes to Financial Statements.

**Children and Family Urban Ministries
d/b/a Children and Family Urban Movement
STATEMENTS OF ACTIVITIES**

	<u>Year ended December 31, 2016</u>			<u>Year ended December 31, 2015</u>		
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
REVENUE						
Contributions	\$ 973,380	\$ 9,546	\$ 982,926	\$1,105,200	\$ 313,035	\$1,418,235
Activities	-	15,765	15,765	-	29,013	29,013
Interest income	<u>3,101</u>	<u>-</u>	<u>3,101</u>	<u>1,188</u>	<u>-</u>	<u>1,188</u>
Total revenue	<u>976,481</u>	<u>25,311</u>	<u>1,001,792</u>	<u>1,106,388</u>	<u>342,048</u>	<u>1,448,436</u>
EXPENSES						
Program services	<u>972,593</u>	<u>-</u>	<u>972,593</u>	<u>891,253</u>	<u>-</u>	<u>891,253</u>
Supporting services						
Management and general	106,205	-	106,205	92,543	-	92,543
Fundraising	<u>140,211</u>	<u>-</u>	<u>140,211</u>	<u>121,234</u>	<u>-</u>	<u>121,234</u>
Total supporting services	<u>246,416</u>	<u>-</u>	<u>246,416</u>	<u>213,777</u>	<u>-</u>	<u>213,777</u>
Total expenses	<u>1,219,009</u>	<u>-</u>	<u>1,219,009</u>	<u>1,105,030</u>	<u>-</u>	<u>1,105,030</u>
Change in net assets before reclassification	(242,528)	25,311	(217,217)	1,358	342,048	343,406
RECLASSIFICATION						
Net assets released from restrictions	<u>100,322</u>	<u>(100,322)</u>	<u>-</u>	<u>9,640</u>	<u>(9,640)</u>	<u>-</u>
Change in net assets	(142,206)	(75,011)	(217,217)	10,998	332,408	343,406
NET ASSETS , beginning	<u>463,608</u>	<u>481,688</u>	<u>945,296</u>	<u>452,610</u>	<u>149,280</u>	<u>601,890</u>
NET ASSETS , ending	<u>\$ 321,402</u>	<u>\$ 406,677</u>	<u>\$ 728,079</u>	<u>\$ 463,608</u>	<u>\$ 481,688</u>	<u>\$ 945,296</u>

See Notes to Financial Statements.

**Children and Family Urban Ministries
d/b/a Children and Family Urban Movement
STATEMENTS OF FUNCTIONAL EXPENSES**

Year ended December 31, 2016

	<u>Program services</u>	<u>Supporting services</u>			<u>Total</u>
	<u>Children and families</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 410,489	\$ 58,641	\$ 117,283	\$ 175,924	\$ 586,413
Payroll taxes	31,591	4,513	9,026	13,539	45,130
Employee benefits	<u>44,902</u>	<u>6,415</u>	<u>12,829</u>	<u>19,244</u>	<u>64,146</u>
Total salaries and related benefits	<u>486,982</u>	<u>69,569</u>	<u>139,138</u>	<u>208,707</u>	<u>695,689</u>
Contract labor	49,867	5,541	-	5,541	55,408
Supplies	307,936	10,746	-	10,746	318,682
Telephone	8,064	896	-	896	8,960
Postage	1,080	84	36	120	1,200
Occupancy	52,033	5,781	-	5,781	57,814
Repairs and maintenance	5,394	599	-	599	5,993
Printing and publications	12,603	1,186	1,037	2,223	14,826
Travel	842	93	-	93	935
Professional fees	-	6,400	-	6,400	6,400
Insurance	6,943	771	-	771	7,714
Miscellaneous	<u>15,611</u>	<u>1,735</u>	<u>-</u>	<u>1,735</u>	<u>17,346</u>
	<u>460,373</u>	<u>33,832</u>	<u>1,073</u>	<u>34,905</u>	<u>495,278</u>
Total expenses before depreciation	947,355	103,401	140,211	243,612	1,190,967
Depreciation	<u>25,238</u>	<u>2,804</u>	<u>-</u>	<u>2,804</u>	<u>28,042</u>
Totals	<u>\$ 972,593</u>	<u>\$ 106,205</u>	<u>\$ 140,211</u>	<u>\$ 246,416</u>	<u>\$1,219,009</u>

See Notes to Financial Statements.

Year ended December 31, 2015

Program services	Supporting services			
Children and families	Management and general	Fundraising	Total	Total
\$ 354,456	\$ 50,637	\$ 101,273	\$ 151,910	\$ 506,366
27,475	3,925	7,850	11,775	39,250
38,057	5,437	10,873	16,310	54,367
<u>419,988</u>	<u>59,999</u>	<u>119,996</u>	<u>179,995</u>	<u>599,983</u>
37,164	4,129	—	4,129	41,293
333,442	11,310	—	11,310	344,752
7,373	819	—	819	8,192
924	72	31	103	1,027
42,448	4,717	—	4,717	47,165
3,918	435	—	435	4,353
14,652	1,379	1,207	2,586	17,238
1,608	179	—	179	1,787
—	6,200	—	6,200	6,200
5,523	614	—	614	6,137
12,928	1,436	—	1,436	14,364
<u>459,980</u>	<u>31,290</u>	<u>1,238</u>	<u>32,528</u>	<u>492,508</u>
879,968	91,289	121,234	212,523	1,092,491
<u>11,285</u>	<u>1,254</u>	<u>—</u>	<u>1,254</u>	<u>12,539</u>
<u>\$ 891,253</u>	<u>\$ 92,543</u>	<u>\$ 121,234</u>	<u>\$ 213,777</u>	<u>\$1,105,030</u>

See Notes to Financial Statements.

**Children and Family Urban Ministries
d/b/a Children and Family Urban Movement
STATEMENTS OF CASH FLOWS**

	Year ended December 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in total net assets	\$ (217,217)	\$ 343,406
Adjustment to reconcile change in total net assets to net cash and cash equivalents provided by (used in) operating activities		
Depreciation	28,042	12,539
Changes in assets and liabilities		
(Increase) in other receivable	(575)	(2,300)
Increase (decrease) in accrued expenses	<u>(38,435)</u>	<u>40,009</u>
Net cash and cash equivalents provided by (used in) operating activities	<u>(228,185)</u>	<u>393,654</u>
 CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of equipment	<u>(42,540)</u>	<u>(54,631)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (270,725)	 339,023
 CASH AND CASH EQUIVALENTS		
Beginning	<u>922,395</u>	<u>583,372</u>
Ending	<u>\$ 651,670</u>	<u>\$ 922,395</u>

See Notes to Financial Statements.

**Children and Family Urban Ministries
d/b/a Children and Family Urban Movement
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Children and Family Urban Ministries d/b/a Children and Family Urban Movement is an Iowa nonprofit corporation. In partnership with its neighbors, the Organization's mission is to create a community to support the potential of children, youth, and families through educational success, healthy living, and community engagement.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, FASB Standards, including the Not for Profit Entities Topic of the FASB *Accounting Standards Codification*. Accordingly, 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. The Organization had only unrestricted net assets and temporarily net assets during the years ended December 31, 2016 and 2015.

Unrestricted net assets are those assets which are neither temporarily or permanently restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of Organization operations.

Temporarily restricted net assets represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organization pursuant to those stipulations. As donor imposed stipulations expire, temporarily restricted net assets are reclassified as unrestricted net assets.

Permanently restricted net assets represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Use of Estimates

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 at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all certificates of deposit.

Equipment

Equipment is stated at cost. Provision for depreciation is computed by the straight-line method over the estimated useful lives of the assets.

Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending upon the existence and/or nature of any donor restrictions.

**Children and Family Urban Ministries
d/b/a Children and Family Urban Movement
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Materials and Services

Donated materials are recorded in the financial statements at their estimated fair values at the date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fundraising activities.

Allocation of Functional Expenses

Expenditures for salaries were allocated to program services or supporting services based on estimates of time spent made by management. All other expenditures have been allocated to program services or supporting services using percentages that were developed based on estimates made by management.

Credit Risk

The Organization has amounts on deposit with financial institutions in excess of FDIC insurance limits at various times throughout the year.

Income Taxes

The Organization is exempt from federal income tax under applicable provisions of the Internal Revenue Code. The Organization has adopted the accounting for uncertainty in income tax requirements as required by the Income Tax Topic of the FASB *Accounting Standards Codification*. Management has evaluated their material tax positions and determined no income tax effects with respect to the financial statements. The Organization's federal income tax returns open by statute are subject to examination by authorities.

NOTE 2 EQUIPMENT

A summary of equipment and related accumulated depreciation is as follows:

	December 31	
	2016	2015
Equipment	\$ 144,430	\$ 101,890
Less accumulated depreciation	64,895	36,853
Totals	\$ 79,535	\$ 65,037

NOTE 3 RESTRICTIONS ON ASSETS

Temporarily restricted net assets are available for the following purposes:

	December 31	
	2016	2015
Early Childhood Program	\$ 220,188	\$ 300,000
Scholarships	172,408	181,688
Special events	14,081	—
Totals	\$ 406,677	\$ 481,688

NOTE 4 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 31, 2017, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.