

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

FINANCIAL REPORT

December 31, 2018 and 2017

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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, 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.

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, 2018 and 2017, 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.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 31, 2019

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

	December 31	
ASSETS	2018	2017
Cash and cash equivalents	\$ 298,608	\$ 383,789
Other receivables	10,000	3,266
Equipment, net	<u>119,250</u>	<u>54,515</u>
Totals	<u>\$ 427,858</u>	<u>\$ 441,570</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ <u>98,235</u>	\$ <u>417</u>
NET ASSETS		
Net assets without donor restrictions	189,615	164,792
Net assets with donor restrictions	<u>140,008</u>	<u>276,361</u>
Total net assets	<u>329,623</u>	<u>441,153</u>
Totals	<u>\$ 427,858</u>	<u>\$ 441,570</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, 2018</u>			<u>Year ended December 31, 2017</u>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
REVENUE						
Contributions	\$1,261,107	\$ 2,764	\$1,263,871	\$ 932,007	\$ -	\$ 932,007
Interest income	3,990	-	3,990	5,256	-	5,256
Total revenue	<u>1,265,097</u>	<u>2,764</u>	<u>1,267,861</u>	<u>937,263</u>	<u>-</u>	<u>937,263</u>
EXPENSES						
Program services	996,231	-	996,231	943,803	-	943,803
Supporting services						
Management and general	221,726	-	221,726	113,797	-	113,797
Fundraising	161,434	-	161,434	166,589	-	166,589
Total supporting services	<u>383,160</u>	<u>-</u>	<u>383,160</u>	<u>280,386</u>	<u>-</u>	<u>280,386</u>
Total expenses	<u>1,379,391</u>	<u>-</u>	<u>1,379,391</u>	<u>1,224,189</u>	<u>-</u>	<u>1,224,189</u>
Change in net assets before reclassification	(114,294)	2,764	(111,530)	(286,926)	-	(286,926)
RECLASSIFICATION						
Net assets released from restrictions	139,117	(139,117)	-	130,316	(130,316)	-
Change in net assets	24,823	(136,353)	(111,530)	(156,610)	(130,316)	(286,926)
NET ASSETS						
Beginning	164,792	276,361	441,153	321,402	406,677	728,079
Ending	<u>\$ 189,615</u>	<u>\$ 140,008</u>	<u>\$ 329,623</u>	<u>\$ 164,792</u>	<u>\$ 276,361</u>	<u>\$ 441,153</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, 2018				
Program services	Supporting services				
Children and Families	Management and general	Fundraising	Total	Total	
Salaries	\$ 412,051	\$ 58,864	\$ 117,729	\$ 176,593	\$ 588,644
Payroll taxes	30,791	4,399	8,797	13,196	43,987
Employee benefits	52,866	7,552	15,105	22,657	75,523
Total salaries and related benefits	495,708	70,815	141,631	212,446	708,154
Contract labor	45,815	5,091	–	5,091	50,906
Supplies	310,514	3,760	–	3,760	314,274
Telephone	7,594	844	–	844	8,438
Postage	2,822	221	93	314	3,136
Occupancy	52,933	38,381	–	38,381	91,314
Repairs and maintenance	1,743	194	–	194	1,937
Printing and publications	37,627	3,541	3,099	6,640	44,267
Travel	1,666	185	–	185	1,851
Professional fees	–	94,270	–	94,270	94,270
Fundraising expenses	–	–	16,611	16,611	16,611
Insurance	7,585	843	–	843	8,428
Depreciation	23,074	2,564	–	2,564	25,638
Miscellaneous	9,150	1,017	–	1,017	10,167
Total expenses	\$ 996,231	\$ 221,726	\$ 161,434	\$ 383,160	\$1,379,391

See Notes to Financial Statements.

Year ended December 31, 2017

Program services	Supporting services			
Children and Families	Management and general	Fundraising	Total	Total
\$ 463,100	\$ 66,157	\$ 132,315	\$ 198,472	\$ 661,572
33,663	4,809	9,618	14,427	48,090
37,994	5,428	10,855	16,283	54,277
<u>534,757</u>	<u>76,394</u>	<u>152,788</u>	<u>229,182</u>	<u>763,939</u>
54,036	6,004	—	6,004	60,040
220,808	9,953	6,075	16,028	236,836
12,621	1,402	—	1,402	14,023
1,553	121	51	172	1,725
48,419	5,380	—	5,380	53,799
3,890	432	—	432	4,322
16,457	1,549	1,355	2,904	19,361
3,278	364	—	364	3,642
—	6,600	—	6,600	6,600
—	—	6,320	6,320	6,320
6,272	697	—	697	6,969
27,955	3,106	—	3,106	31,061
<u>13,757</u>	<u>1,795</u>	<u>—</u>	<u>1,795</u>	<u>15,552</u>
<u>\$ 943,803</u>	<u>\$ 113,797</u>	<u>\$ 166,589</u>	<u>\$ 280,386</u>	<u>\$1,224,189</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	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (111,530)	\$ (286,926)
Adjustment to reconcile change in net assets to net cash and cash equivalents (used in) operating activities		
Depreciation	25,638	31,061
In-kind contribution of equipment	(55,175)	-
Changes in assets and liabilities		
(Increase) in other receivables	(6,734)	(391)
Increase in accounts payable	97,818	417
(Decrease) in accrued expenses	-	(6,001)
Net cash and cash equivalents (used in) operating activities	(49,983)	(261,840)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(35,198)	(6,041)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(85,181)	(267,881)
CASH AND CASH EQUIVALENTS		
Beginning	383,789	651,670
Ending	\$ 298,608	\$ 383,789
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
In-kind contribution of equipment	\$ 55,175	\$ -

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

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

As required by the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification, the Organization reports information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions are those assets that have no donor imposed stipulations. The Organization's governing board may earmark portions of its net assets without donor restrictions as board designated for various purposes.

Net assets with donor restrictions represent contributions or other inflows of assets whose use by the Organization is limited by donor imposed stipulations. As donor imposed stipulations expire, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restriction.

Recently Issued Accounting Standards

The Financial Accounting Standards Board, FASB, issued Accounting Standards Update, ASU, No. 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The Organization has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the prior period presented. The changes to the Organization's financial statements included the addition of a new disclosure regarding liquidity and availability of resources. The accompanying 2017 financial statements have been restated to conform with the 2018 presentation.

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 either without, or with, donor restrictions 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 Equipment, Materials and Services

In-kind contribution consists of equipment donated to the Organization. The Organization recorded this donation at fair value using quoted prices of similar items.

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. During 2018, the Organization incurred \$87,010 of expenses, included in professional fees, in connection with a project to consider the construction of a new building. The project is not going to forward and no further expenses will be incurred.

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.

Reclassifications

Certain amounts have been reclassified in the 2017 financial statements in order to conform to the 2018 presentation, with no effect on the change in net assets.

NOTE 2 EQUIPMENT

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

	December 31	
	2018	2017
Equipment	\$ 240,844	\$ 150,471
Less accumulated depreciation	<u>121,594</u>	<u>95,956</u>
Totals	<u>\$ 119,250</u>	<u>\$ 54,515</u>

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

NOTE 3 NET ASSETS

A summary of net assets is as follows:

	December 31	
	2018	2017
Net assets without donor restrictions		
Undesignated	\$ 189,615	\$ 164,792
Net assets with donor restrictions		
Subject to expenditure for specific purpose		
Early Childhood Program	-	119,712
Scholarships	136,198	155,603
Special events	1,046	1,046
Capital campaign	2,764	-
Total net assets with donor restrictions	140,008	276,361
Total net assets	\$ 329,623	\$ 441,153

A summary of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes, and reclassified, is as follows:

	Year ended December 31	
	2018	2017
Early Childhood Program	\$ 119,712	\$ 100,476
Scholarships	19,405	29,840
Totals	\$ 139,117	\$ 130,316

NOTE 4 ADMINISTRATIVE EMPLOYER AGREEMENT

The Organization has entered into a co-employer relationship with a corporation. The Organization is the worksite employer, while this corporation is the administrative employer. This corporation provides payroll and human resource services including the payment of payroll taxes and benefits of the employees, and then reimburses the corporation for the expenses.

NOTE 5 LIQUIDITY AND RESERVES

The Organization monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess cash. The Organization's financial assets available within one year of the statement of financial position date for general expenses are as follows:

	December 31	
	2018	2017
Cash	\$ 298,608	\$ 383,789
Other receivables	10,000	3,266
	308,608	387,055
Less cash restricted for -		
Professional fees related to potential new building	(87,010)	-
Scholarships, net of amounts expected to be paid in 2019	(21,700)	(19,500)
Totals	\$ 199,898	\$ 367,555

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

NOTE 6 SUBSEQUENT EVENTS

During May, 2019, the Organization received notice from a community funder that they would no longer provide resources for the Organization's gender specific programming. The funding for other programs supported by this funder are not affected. The 2019 funding reduction was for a six month period and totaled approximately \$71,000, with ongoing annual impact of approximately \$142,000. Primarily all the resources used in connection with these programs were variable expenses. As of October, 2019, those expenses have been eliminated and the funding reduction will have little to no impact on both 2019 and ongoing net results.

Additionally, the Organization has coordinated with other community partners to transfer gender specific program participants to other programs. Net assets restricted for scholarships related to gender specific programming, see Note 3, will continue to be granted to qualifying past program participants.

The Organization has evaluated subsequent events through October 31, 2019, the date which the financial statements were available to be issued. Other than the events described in the preceding paragraphs, there are no subsequent events required to be accrued or disclosed.