

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

FINANCIAL REPORT

December 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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
April 23, 2021

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

	December 31	
ASSETS	2020	2019
Cash	\$ 731,123	\$ 351,013
Pledges receivable	58,203	-
Other receivables	2,095	4,581
Equipment, net	48,663	67,705
Totals	\$ 840,084	\$ 423,299
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,529	\$ 1,622
NET ASSETS		
Net assets without donor restrictions	729,757	299,333
Net assets with donor restrictions	108,798	122,344
Total net assets	838,555	421,677
Totals	\$ 840,084	\$ 423,299

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, 2020</u>			<u>Year ended December 31, 2019</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 and grants	\$1,025,482	\$ -	\$1,025,482	\$1,118,276	\$ -	\$1,118,276
Child care fees	63,140	-	63,140	42,589	-	42,589
Paycheck protection program loan	69,900	-	69,900	-	-	-
Gain on sale of equipment	8,528	-	8,528	-	-	-
Interest income	1,279	-	1,279	7,152	-	7,152
Total revenue	<u>1,168,329</u>	<u>-</u>	<u>1,168,329</u>	<u>1,168,017</u>	<u>-</u>	<u>1,168,017</u>
EXPENSES						
Program services	568,132	-	568,132	809,852	-	809,852
Supporting services						
Management and general	91,471	-	91,471	139,493	-	139,493
Fundraising	91,848	-	91,848	126,618	-	126,618
Total supporting services	<u>183,319</u>	<u>-</u>	<u>183,319</u>	<u>266,111</u>	<u>-</u>	<u>266,111</u>
Total expenses	<u>751,451</u>	<u>-</u>	<u>751,451</u>	<u>1,075,963</u>	<u>-</u>	<u>1,075,963</u>
Change in net assets before reclassification	416,878	-	416,878	92,054	-	92,054
RECLASSIFICATION						
Net assets released from restrictions	13,546	(13,546)	-	17,664	(17,664)	-
Change in net assets	430,424	(13,546)	416,878	109,718	(17,664)	92,054
NET ASSETS						
Beginning	<u>299,333</u>	<u>122,344</u>	<u>421,677</u>	<u>189,615</u>	<u>140,008</u>	<u>329,623</u>
Ending	<u>\$ 729,757</u>	<u>\$ 108,798</u>	<u>\$ 838,555</u>	<u>\$ 299,333</u>	<u>\$ 122,344</u>	<u>\$ 421,677</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, 2020				
	<u>Program services</u>	<u>Supporting services</u>			<u>Total expenses</u>
	<u>Children and Families</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total supporting services</u>	
Salaries	\$ 268,880	\$ 38,411	\$ 76,823	\$ 115,234	
Payroll taxes	19,920	2,846	5,692	8,538	28,458
Employee benefits	26,063	3,723	7,447	11,170	37,233
Total salaries and related benefits	<u>314,863</u>	<u>44,980</u>	<u>89,962</u>	<u>134,942</u>	<u>449,805</u>
Contract labor	8,993	999	-	999	9,992
Supplies	179,060	19,878	-	19,878	198,938
Telephone	2,371	264	-	264	2,635
Postage	1,796	141	59	200	1,996
Occupancy	18,110	13,114	-	13,114	31,224
Repairs and maintenance	96	11	-	11	107
Printing and publications	10,403	979	857	1,836	12,239
Travel	123	14	-	14	137
Professional fees	-	7,500	-	7,500	7,500
Fundraising expenses	-	-	970	970	970
Contribution	-	-	-	-	-
Insurance	7,946	883	-	883	8,829
Depreciation	17,656	1,962	-	1,962	19,618
Miscellaneous	6,715	746	-	746	7,461
Total expenses	<u>\$ 568,132</u>	<u>\$ 91,471</u>	<u>\$ 91,848</u>	<u>\$ 183,319</u>	<u>\$ 751,451</u>

See Notes to Financial Statements.

Year ended December 31, 2019

Program services	Supporting services			
Children and Families	Management and general	Fundraising	Total supporting services	Total expenses
\$ 343,860	\$ 49,123	\$ 98,246	\$ 147,369	\$ 491,229
25,558	3,651	7,303	10,954	36,512
<u>40,516</u>	<u>5,788</u>	<u>11,576</u>	<u>17,364</u>	<u>57,880</u>
409,934	58,562	117,125	175,687	585,621
19,823	2,203	—	2,203	22,026
286,528	11,372	—	11,372	297,900
2,877	320	—	320	3,197
2,144	168	70	238	2,382
29,331	21,239	—	21,239	50,570
4,367	485	—	485	4,852
5,612	528	462	990	6,602
951	106	—	106	1,057
—	12,159	—	12,159	12,159
—	—	8,961	8,961	8,961
—	26,986	—	26,986	26,986
10,281	1,142	—	1,142	11,423
29,346	3,261	—	3,261	32,607
<u>8,658</u>	<u>962</u>	<u>—</u>	<u>962</u>	<u>9,620</u>
<u>\$ 809,852</u>	<u>\$ 139,493</u>	<u>\$ 126,618</u>	<u>\$ 266,111</u>	<u>\$1,075,963</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	
	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 416,878	\$ 92,054
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	19,618	32,607
Gain on sale of equipment	(8,528)	-
Contribution of equipment to others	-	26,986
Changes in assets and liabilities		
(Increase) in pledges receivable	(58,203)	-
Decrease in other receivables	2,486	5,419
(Decrease) in accounts payable	(93)	(96,613)
Net cash provided by operating activities	<u>372,158</u>	<u>60,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(10,548)	(8,048)
Proceeds from sale of equipment	18,500	-
Net cash provided by (used in) investing activities	<u>7,952</u>	<u>(8,048)</u>
NET INCREASE IN CASH	380,110	52,405
CASH		
Beginning	<u>351,013</u>	<u>298,608</u>
Ending	<u>\$ 731,123</u>	<u>\$ 351,013</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Contribution of equipment to others	<u>\$ -</u>	<u>\$ 26,986</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

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.

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.

Pledges Receivable

Unconditional promises to give are recorded as revenue in the period the promise is received. Unconditional promises to give expected to be received within one year are reported as contributions at their net realizable value. Promises to be received in more than one year are recorded at the net present value of future cash flows. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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 and grants received are recorded as without donor restrictions, or with, donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor restricted contributions and grants 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 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. Contributions are recognized as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are not recognized as revenue until the donor's conditions are substantially met.

**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)

Revenue (continued)

Revenue for child care fees are recorded as of the date the services are performed. Performance obligations are satisfied for these revenue streams over time. Payment is generally due upon the date of service. Fees are based on the billed amount less allowances for uncollectible amounts and allowances are recorded as needed. The Organization considers all receivables recorded at December 31, 2020 to be fully collectible, accordingly, no allowance for uncollectible accounts has been recorded.

Revenue from paycheck protection program loan is recorded in accordance with Accounting Standards Codification 958-605, which indicates governmental grants are included in contributions and grants revenue when all related conditions are fulfilled or there is reasonable assurance they will be fulfilled.

Donated Equipment, 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

Expenses have been allocated to program or supporting services based on determinations 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 has not been notified of any impending examinations by tax authorities, and no examinations are in process.

NOTE 2 PLEDGES RECEIVABLE

The Organization has unrestricted pledges receivable of \$58,203 as of December 31, 2020. Pledges receivable due in more than one year are recognized at fair value, which management has determined to be the full amount outstanding. Management has evaluated the December 31, 2020 pledges receivable and determined that no allowance for uncollectible pledges receivable is necessary due to the creditworthiness of the donors. The pledges receivable are collectible as follows:

Year ending December 31

2021	\$ 35,610
2022	<u>22,593</u>
Total	<u>\$ 58,203</u>

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

NOTE 3 EQUIPMENT

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

	December 31	
	2020	2019
Equipment	\$ 133,424	\$ 162,766
Less accumulated depreciation	84,761	95,061
Totals	\$ 48,663	\$ 67,705

NOTE 4 PAYCHECK PROTECTION PROGRAM LOAN

During 2020, the Organization received a loan totaling \$69,900 through the Paycheck Protection Program, PPP, to fund payroll, rent and utilities. The PPP loan bears interest at 1%, has a term of five year, with payments deferred for sixteen months and is unsecured and guaranteed by the U.S. Small Business Administration. The PPP loan is forgivable subject to compliance and approval based on the timing and use of the funds in accordance with the PPP loan.

During 2020, the Organization met all conditions related to retention of employees and timing and use of funds for the covered period, and submitted an application for forgiveness. Therefore, the Organization has included \$69,900 in contributions and grants revenue as it believes forgiveness is probable. During January, 2021, the Organization received formal notification that the PPP loan was forgiven.

NOTE 5 NET ASSETS

A summary of net assets is as follows:

	December 31	
	2020	2019
Net assets without donor restrictions		
Undesignated	\$ 729,757	\$ 299,333
Net assets with donor restrictions		
Subject to expenditure for specific purpose		
Scholarships	108,798	121,298
Special events	-	1,046
Total net assets with donor restrictions	108,798	122,344
Total net assets	\$ 838,555	\$ 421,677

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	
	2020	2019
Scholarships	\$ 12,500	\$ 14,900
Special event	1,046	-
Capital campaign	-	2,764
Totals	\$ 13,546	\$ 17,664

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

NOTE 6 ENDOW IOWA DESIGNATED FUND HELD AT DES MOINES COMMUNITY FOUNDATION

A designated fund has been established at the Des Moines Community Foundation under the provisions of the Iowa code for Endow Iowa. As a designated fund, the Community Foundation has variance power over the fund assets and under the Endow Iowa provisions may make annual distributions of up to 5% of the fair value of the fund to the Organization. The fair value of the designated fund held for the Organization was approximately \$166,600 and \$150,300 at December 31, 2020 and 2019, respectively.

NOTE 7 ADMINISTRATIVE EMPLOYER AGREEMENT

The Organization has 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 salaries, payroll taxes, and benefits of the employees. The Organization then reimburses this corporation for all of those expenses.

NOTE 8 LIQUIDITY

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 statements of financial position date for general expenses are as follows:

	December 31	
	2020	2019
Cash	\$ 731,123	\$ 351,013
Pledges receivable, net of long-term portion of \$22,593	35,610	-
Other receivables	2,095	4,581
	768,828	355,594
Less cash restricted for -		
Scholarships	(108,798)	(121,298)
Special events	-	(1,046)
Totals	\$ 660,030	\$ 233,250

NOTE 9 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 23, 2021, the date which the financial statements were available to be issued. Other than the subsequent event disclosed in Note 4, there were no subsequent events required to be accrued or disclosed.