

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

**FINANCIAL REPORT**

**December 31, 2019 and 2018**

## C O N T E N T S

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS</b>	3
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position	4
Statements of activities	5
Statements of functional expenses	6-7
Statements of cash flows	8
Notes to financial statements	9-12



## 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, 2019 and 2018, 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, 2019 and 2018, 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  
May 22, 2020

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

	<b>December 31</b>	
<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash and cash equivalents	\$ 351,013	\$ 298,608
Other receivables	4,581	10,000
Equipment, net	67,705	119,250
Totals	\$ 423,299	\$ 427,858
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,622	\$ 98,235
<b>NET ASSETS</b>		
Net assets without donor restrictions	299,333	189,615
Net assets with donor restrictions	122,344	140,008
Total net assets	421,677	329,623
Totals	\$ 423,299	\$ 427,858

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, 2019</u>			<u>Year ended December 31, 2018</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>
<b>REVENUE</b>						
Contributions and grants	\$1,118,276	\$ —	\$1,118,276	\$1,261,107	\$ 2,764	\$1,263,871
Child care fees	42,589	—	42,589	—	—	—
Interest income	7,152	—	7,152	3,990	—	3,990
Total revenue	<u>1,168,017</u>	<u>—</u>	<u>1,168,017</u>	<u>1,265,097</u>	<u>2,764</u>	<u>1,267,861</u>
<b>EXPENSES</b>						
Program services	<u>809,852</u>	<u>—</u>	<u>809,852</u>	<u>996,231</u>	<u>—</u>	<u>996,231</u>
Supporting services						
Management and general	139,493	—	139,493	221,726	—	221,726
Fundraising	126,618	—	126,618	161,434	—	161,434
Total supporting services	<u>266,111</u>	<u>—</u>	<u>266,111</u>	<u>383,160</u>	<u>—</u>	<u>383,160</u>
Total expenses	<u>1,075,963</u>	<u>—</u>	<u>1,075,963</u>	<u>1,379,391</u>	<u>—</u>	<u>1,379,391</u>
Change in net assets before reclassification	92,054	—	92,054	(114,294)	2,764	(111,530)
<b>RECLASSIFICATION</b>						
Net assets released from restrictions	<u>17,664</u>	<u>(17,664)</u>	<u>—</u>	<u>139,117</u>	<u>(139,117)</u>	<u>—</u>
Change in net assets	109,718	(17,664)	92,054	24,823	(136,353)	(111,530)
<b>NET ASSETS</b>						
Beginning	<u>189,615</u>	<u>140,008</u>	<u>329,623</u>	<u>164,792</u>	<u>276,361</u>	<u>441,153</u>
Ending	<u>\$ 299,333</u>	<u>\$ 122,344</u>	<u>\$ 421,677</u>	<u>\$ 189,615</u>	<u>\$ 140,008</u>	<u>\$ 329,623</u>

See Notes to Financial Statements.

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

	<b>Year ended December 31, 2019</b>				
	<b>Program services</b>	<b>Supporting services</b>			
	<b>Children and Families</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Salaries	\$ 343,860	\$ 49,123	\$ 98,246	\$ 147,369	\$ 491,229
Payroll taxes	25,558	3,651	7,303	10,954	36,512
Employee benefits	40,516	5,788	11,576	17,364	57,880
Total salaries and related benefits	<u>409,934</u>	<u>58,562</u>	<u>117,125</u>	<u>175,687</u>	<u>585,621</u>
Contract labor	19,823	2,203	-	2,203	22,026
Supplies	286,528	11,372	-	11,372	297,900
Telephone	2,877	320	-	320	3,197
Postage	2,144	168	70	238	2,382
Occupancy	29,331	21,239	-	21,239	50,570
Repairs and maintenance	4,367	485	-	485	4,852
Printing and publications	5,612	528	462	990	6,602
Travel	951	106	-	106	1,057
Professional fees	-	12,159	-	12,159	12,159
Fundraising expenses	-	-	8,961	8,961	8,961
Contribution	-	26,986	-	26,986	26,986
Insurance	10,281	1,142	-	1,142	11,423
Depreciation	29,346	3,261	-	3,261	32,607
Miscellaneous	8,658	962	-	962	9,620
Total expenses	<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.

**Year ended December 31, 2018**

<b>Program services</b>	<b>Supporting services</b>			
<b>Children and Families</b>	<b>Management and general</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
\$ 412,051	\$ 58,864	\$ 117,729	\$ 176,593	\$ 588,644
30,791	4,399	8,797	13,196	43,987
<u>52,866</u>	<u>7,552</u>	<u>15,105</u>	<u>22,657</u>	<u>75,523</u>
495,708	70,815	141,631	212,446	708,154
45,815	5,091	—	5,091	50,906
310,514	3,760	—	3,760	314,274
7,594	844	—	844	8,438
2,822	221	93	314	3,136
52,933	38,381	—	38,381	91,314
1,743	194	—	194	1,937
37,627	3,541	3,099	6,640	44,267
1,666	185	—	185	1,851
—	94,270	—	94,270	94,270
—	—	16,611	16,611	16,611
—	—	—	—	—
7,585	843	—	843	8,428
23,074	2,564	—	2,564	25,638
<u>9,150</u>	<u>1,017</u>	<u>—</u>	<u>1,017</u>	<u>10,167</u>
<u>\$ 996,231</u>	<u>\$ 221,726</u>	<u>\$ 161,434</u>	<u>\$ 383,160</u>	<u>\$1,379,391</u>

See Notes to Financial Statements.

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

	<b>Year ended December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 92,054	\$ (111,530)
Adjustment to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities		
Depreciation	32,607	25,638
In-kind contribution of equipment received	—	(55,175)
Contribution of equipment to others	26,986	—
Changes in assets and liabilities		
(Increase) decrease in other receivables	5,419	(6,734)
Increase (decrease) in accounts payable	(96,613)	97,818
Net cash and cash equivalents provided by (used in) operating activities	60,453	(49,983)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of equipment	(8,048)	(35,198)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	52,405	(85,181)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning	298,608	383,789
Ending	\$ 351,013	\$ 298,608
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES</b>		
In-kind contribution of equipment received	\$ —	\$ 55,175
Contribution of equipment to others	\$ 26,986	\$ —

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.

**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 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.

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, 2019 to be fully collectible, accordingly, no allowance for uncollectible accounts has been recorded.

**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**

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 EQUIPMENT**

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Equipment	\$ 162,766	\$ 240,844
Less accumulated depreciation	95,061	121,594
Totals	\$ 67,705	\$ 119,250

**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:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Net assets without donor restrictions		
Undesignated	\$ 299,333	\$ 189,615
Net assets with donor restrictions		
Subject to expenditure for specific purpose		
Scholarships	121,298	136,198
Special events	1,046	1,046
Capital campaign	—	2,764
Total net assets with donor restrictions	122,344	140,008
Total net assets	\$ 421,677	\$ 329,623

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

	<b>Year ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Early Childhood Program	\$ —	\$ 119,712
Scholarships	14,900	19,405
Capital campaign	2,764	—
Totals	\$ 17,664	\$ 139,117

**NOTE 4 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 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 statements of financial position date for general expenses are as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Cash	\$ 351,013	\$ 298,608
Other receivables	4,581	10,000
	355,594	308,608
Less cash restricted for -		
Professional fees related to potential new building	—	(87,010)
Scholarships	(121,298)	(136,198)
Special events	(1,046)	(1,046)
Totals	\$ 233,250	\$ 84,354

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

**NOTE 6 SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 22, 2020, the date which the financial statements were available to be issued. There were no subsequent events required to be accrued or disclosed.