

DENVER URBAN MINISTRIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

DENVER URBAN MINISTRIES
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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May 21, 2015

INDEPENDENT AUDITORS' REPORT

Board of Directors
Denver Urban Ministries
Denver, Colorado

We have audited the accompanying financial statements of **Denver Urban Ministries**, (a Colorado nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, 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 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 of 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 auditors' 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 Denver Urban Ministries as of December 31, 2014, 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 Summarized Comparative Information

Other auditors have previously audited Denver Urban Ministries' 2013 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated May 1, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Taylor, Roth and Company PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

DENVER URBAN MINISTRIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 59,081	\$ 123,097
Cash held for others	-	722
Contributions receivable	10,100	-
Grants receivable - unrestricted	46,600	-
Grants receivable - temporarily restricted	240,000	230,225
Prepaid expenses and deposits	6,694	4,490
Assets held by others (Note 3)	162,484	155,952
Property and equipment (Note 4)	359,128	356,242
	<u>359,128</u>	<u>356,242</u>
Total assets	<u>\$ 884,087</u>	<u>\$ 870,728</u>
<u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 21,196	\$ 21,198
Fiscal agent liability	-	722
Payroll liabilities	17,819	18,910
Line of credit (Note 5)	23,406	10,000
	<u>23,406</u>	<u>10,000</u>
Total liabilities	<u>62,421</u>	<u>50,830</u>
<u>Net assets</u>		
<u>Unrestricted net assets</u>		
Operating	74,844	114,199
Board designated reserve	-	6,000
Net investment in fixed assets	359,128	356,242
Temporarily restricted net assets (Note 6)	273,788	229,551
Permanently restricted net assets (Note 3)	113,906	113,906
	<u>113,906</u>	<u>113,906</u>
Total net assets	<u>821,666</u>	<u>819,898</u>
Total liabilities and net assets	<u>\$ 884,087</u>	<u>\$ 870,728</u>

The accompanying notes are an integral part of these financial statements

DENVER URBAN MINISTRIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014			2013	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
<u>Revenue and other support</u>					
Foundations	\$ 252,734	\$ 318,825	\$ -	\$ 571,559	\$ 550,111
Contributions	153,972	-	-	153,972	191,519
Urban Education & other program fees	68,842	-	-	68,842	81,524
Faith communities	58,467	-	-	58,467	63,284
Bequests	10,325	-	-	10,325	-
Corporations	8,128	-	-	8,128	10,793
Investment income	1,602	4,962	-	6,564	24,692
Special event income	25,238	-	-	25,238	25,690
less direct expenses	(21,058)	-	-	(21,058)	(9,789)
Government	-	-	-	-	19,985
In-kind contributions (Note 7)	1,024,323	-	-	1,024,323	668,138
Net assets released from restrictions (Note 8)	309,050	(309,050)	-	-	-
Total revenue and other support	1,891,623	14,737	-	1,906,360	1,625,947
<u>Expense</u>					
Program services					
Basic Human Services	1,494,864	-	-	1,494,864	1,159,787
Community Education	155,079	-	-	155,079	140,121
Employment Services	89,819	-	-	89,819	130,205
Total program services	1,739,762	-	-	1,739,762	1,430,113
Supporting services					
Management and general	137,790	-	-	137,790	74,069
Fund-raising	27,040	-	-	27,040	37,035
Total expense	1,904,592	-	-	1,904,592	1,541,217
Change in net assets	(12,969)	14,737	-	1,768	84,730
Net assets, beginning of year	446,941	259,051	113,906	819,898	735,168
Net assets, end of year	\$ 433,972	\$ 273,788	\$ 113,906	\$ 821,666	\$ 819,898

The accompanying notes are an integral part of these financial statements

DENVER URBAN MINISTRIES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014				2013			
	Program Services				Supporting Services			
	Basic Human Services	Employment Services	Community Education	Total Program	Management And General	Fund- raising	Total	Total
Salaries	\$ 113,804	\$ 66,565	\$ 99,850	\$ 280,219	\$ 73,790	\$ -	\$ 354,009	\$ 346,256
Payroll taxes & benefits	19,634	7,170	17,522	44,326	11,072	10,689	66,087	58,879
Client needs & assistance:								
Food pantry	955,917	-	-	955,917	-	-	955,917	623,831
Utility assistance	294,051	-	-	294,051	-	-	294,051	286,289
Legal services	64,903	-	-	64,903	-	-	64,903	57,768
Rent assistance	9,232	-	-	9,232	-	-	9,232	16,102
Other direct assistance	1,827	-	-	1,827	-	-	1,827	1,910
IT services	4,142	1,917	2,351	8,410	18,205	372	26,987	10,895
Insurance	5,942	2,110	4,878	12,930	754	410	14,094	11,650
Utilities	5,881	2,745	3,386	12,012	1,504	516	14,032	13,767
Contract services	17	8	3,885	3,910	7,205	2	11,117	12,024
Accounting fees	-	-	-	-	10,259	-	10,259	21,044
Equipment leases & maintenance	3,950	1,834	2,254	8,038	1,686	352	10,076	10,034
Telephone & internet	3,053	1,588	1,803	6,444	1,064	255	7,763	7,865
Supplies	1,028	518	3,789	5,335	1,005	1,252	7,592	5,820
Occupancy	-	-	7,579	7,579	-	-	7,579	6,740
Postage	1,121	507	614	2,242	-	3,491	5,733	4,113
Grant writing	-	-	-	-	-	5,070	5,070	3,885
Staff development	1,680	778	920	3,378	1,273	160	4,811	904
Dues, subscriptions, fees	55	-	30	85	631	3,091	3,807	2,938
Printing	911	412	997	2,320	612	87	3,019	7,898
Advertising	351	162	199	712	1,664	32	2,408	2,474
Repairs & maintenance	50	31	45	126	1,919	-	2,045	4,116
Events	1,258	-	-	1,258	56	307	1,621	3,997
All other	237	50	697	984	2,929	56	3,969	3,425
	<u>1,489,044</u>	<u>86,395</u>	<u>150,799</u>	<u>1,726,238</u>	<u>135,628</u>	<u>26,142</u>	<u>1,888,008</u>	<u>1,524,624</u>
Depreciation	5,820	3,424	4,280	13,524	2,162	898	16,584	16,593
Total expenses	<u>\$ 1,494,864</u>	<u>\$ 89,819</u>	<u>\$ 155,079</u>	<u>\$ 1,739,762</u>	<u>\$ 137,790</u>	<u>\$ 27,040</u>	<u>\$ 1,904,592</u>	<u>\$ 1,541,217</u>

The accompanying notes are an integral part of these financial statements

DENVER URBAN MINISTRIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	2014	2013
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 1,768	\$ 84,730
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	16,584	16,593
Unrealized (gain)loss on endowment	(1,570)	(19,935)
Contributions restricted for long term purposes	-	(3,653)
<u>Changes in operating assets and liabilities</u>		
Decrease(increase) in contributions receivable	(10,100)	-
Decrease(increase) in grants receivable	(56,375)	(68,252)
Decrease(increase) in prepaid expenses and deposits	(2,204)	2,780
Increase(decrease) in accounts payable	(2)	17,009
Increase(decrease) in fiscal agent liability	(722)	-
Increase(decrease) in payroll accruals	(1,091)	6,623
Net cash provided(used) by operating activities	(53,712)	35,895
<u>Cash flows from investing activities</u>		
(Reinvestment) of endowment earnings	(4,962)	1,814
(Donations to)transfers from endowment fund	-	(3,653)
(Purchases) of fixed assets	(19,470)	(9,456)
Net cash provided(used) by investing activities	(24,432)	(11,295)
<u>Cash flows from financing activities</u>		
Borrowing(repaysment) on line of credit	13,406	3,500
Contributions restricted for permanent endowment	-	3,653
Net cash provided(used) by financing activities	13,406	7,153
Net increase(decrease) in cash and cash equivalents	(64,738)	31,753
Cash and cash equivalents, beginning of year	123,819	92,066
Cash and cash equivalents, end of year	\$ 59,081	\$ 123,819

The accompanying notes are an integral part of these financial statements

DENVER URBAN MINISTRIES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - NATURE OF ACTIVITIES

Denver Urban Ministries (DenUM)(the Organization) was organized in 1981 and was incorporated in 1984 as a non-profit corporation. DenUM is an advocate, educator, and trusted provider of basic human and employment services to vulnerable families in greater Denver. The Organization is primarily funded by foundation grants and individual contributions. The Organization operates the following major programs:

Basic Human Services Program: Through this program, DenUM operates a food pantry, rent and utility assistance, and provides infant items, legal counseling, and health screenings.

Community Education Program: Through this program, DenUM operates the Urban Education program, which offers service learning and volunteer opportunities to groups within the greater Denver community who travel to Denver from across the country. The volunteer program makes opportunities available to local volunteers to become involved in the work of DenUM and create a more sustainable community.

Employment Services Program: Through this program, DenUM provides self-sufficiency services to those looking for employment so they can find and keep work.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

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.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

4. Donations (Concluded)

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

5. Receivables

No allowance for doubtful accounts has been established. Management has evaluated these items and believes all receivables will be collected.

6. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$1,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

8. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements. The Organization's Federal Return of Organization Exempt From Income Tax (Form 990) is subject to examination by the IRS, generally for three years after filing.

9. Functional Reporting of Expenses

For the year ended December 31, 2014, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

10. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

11. Fair Value Measurements

The Organization is subject to the provisions of the Fair Value Measurements and Disclosures accounting standard. This standard requires the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used the measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

12. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

13. Subsequent Events

Management has evaluated subsequent events through May 21, 2015, the date the financial statements were available to be issued.

NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS -- UNRESTRICTED, TEMPORARILY RESTRICTED, AND PERMANENTLY RESTRICTED NET ASSETS

The Organization has established an endowment fund through the Rocky Mountain United Methodist Foundation, Inc. The Organization's permanently restricted net assets represent a gift of stock received during 2000 with an original basis of \$104,380. Additional donor contributions of \$5,873 and \$3,653 in 2006 and 2013, respectively, have increased the permanent corpus to \$113,906. Per donor intent, principal is to be maintained in perpetuity while realized income and gains generated by the assets may be spent based on the spending policy of the Board of Directors, which allows for up to 4% of the fund to be spent in any given year.

In accordance with the provisions of the Uniform Prudent Management of Institutional Funds Act, adopted by the Organization concurrently with the State of Colorado on January 1, 2009, realized gains and income not yet distributed are recorded herein as a component of temporarily restricted net assets until spent.

The fund is stated at fair value, based on quoted market prices within active markets (Level 2 inputs).

<u>Description</u>	<u>Book Value</u>	<u>Fair Value</u>	<u>Appreciation (Depreciation)</u>
Money market	\$ 16,518	\$ 16,518	\$ 0
Equity growth fund	61,677	87,775	26,098
Fixed income fund	<u>58,697</u>	<u>58,191</u>	<u>(506)</u>
Total	<u>\$ 136,892</u>	<u>\$ 162,484</u>	<u>\$ 25,592</u>

NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS – UNRESTRICTED, TEMPORARILY RESTRICTED, AND PERMANENTLY RESTRICTED NET ASSETS (Concluded)

Changes in endowment net assets as of December 31, 2014 are as follows:

<u>Description</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, beginning of year	\$ 13,220	\$ 28,826	\$ 113,906	\$ 155,952
Interest & dividend income	-	3,301	-	3,301
Realized gains & losses	-	1,661	-	1,661
Unrealized gains & losses	<u>1,570</u>	<u>-</u>	<u>-</u>	<u>1,570</u>
Balance, end of year	<u>\$ 14,790</u>	<u>\$ 33,788</u>	<u>\$ 113,906</u>	<u>\$ 162,484</u>

Additionally, the Organization earned interest income of \$32 on its operating cash and cash equivalents.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Land	\$ 79,283
Building and improvements	475,041
Program vehicles	32,023
Furniture and equipment	<u>23,832</u>
Total	610,251
Less: accumulated depreciation	<u>(251,051)</u>
Net property and equipment	<u>\$ 375,784</u>

Depreciation expense for the year was \$16,584.

The Organization records all capital assets at historical cost as of the date acquired. During the year, the building owned by DenUM was valued at \$775,400 which was equal to the Tax Assessed value of the property.

NOTE 5 - COMMITMENTS

Line of credit

The Organization has a \$100,000 bank line-of-credit at an interest rate of prime plus 1 percent. The line is secured by checking and savings accounts held at the bank. At year end, the balance was \$23,406 and the interest rate was 5%.

Lease commitment

The Organization has several copiers under operating lease arrangements. The future scheduled minimum lease payments are:

<u>Year</u>	<u>Amount</u>
2015	\$ <u>2,340</u>

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

At year-end, temporarily restricted net assets were available for the following program purposes:

<u>Description</u>	<u>Amount</u>
Utility assistance	\$ 240,000
Unexpended endowment gains	<u>33,788</u>
Total	<u>\$ 273,788</u>

NOTE 7 - IN-KIND CONTRIBUTIONS

During the year, in-kind contributions were received as follows:

<u>Description</u>	<u>Amount</u>
Food	\$ 947,763
Client legal services	57,833
IT services	16,900
Client nursing services	<u>1,827</u>
Total	<u>\$ 1,024,323</u>

No amounts have been reflected in the financial statements for donated services not requiring specific expertise. The Organization pays for most services requiring professional level skills. However, during the year, volunteers donated 21,019 hours of non-professional level service. Management estimates the fair value of those services to be \$ 462,418.

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, expenditures were made satisfying donor restrictions as follows:

<u>Description</u>	<u>Amount</u>
Utility assistance	<u>\$ 309,050</u>

NOTE 9 - RETIREMENT PLAN

The Organization has a SIMPLE IRA plan covering all employees. The Organization matches participants' contributions to the plan up to 3% of compensation. The total retirement plan expense for the year was \$8,530.

NOTE 10 - RELATED PARTY TRANSACTIONS

Board members are not paid for their board functions; however, one board member performed contractual IT services in 2014 and received payments totaling \$10,087.