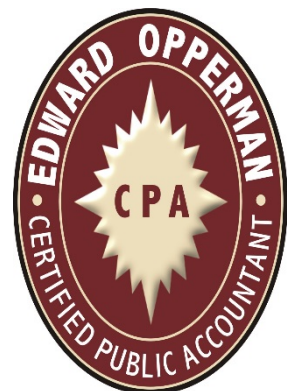


LAFAYETTE URBAN MINISTRY, INC.

REPORT ON AUDIT OF  
FINANCIAL STATEMENTS

DECEMBER 31, 2016 and 2015



**EDWARD OPPERMAN, CPA**  
CERTIFIED PUBLIC ACCOUNTANT

*"NOT JUST YOUR ACCOUNTANT, YOUR PARTNER IN SUCCESS"*

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**LAFAYETTE URBAN MINISTRY, INC.**

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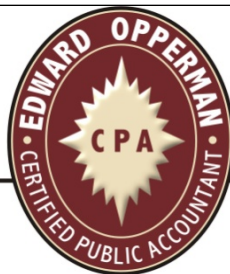
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CERTIFIED PUBLIC ACCOUNTANT & BUSINESS CONSULTANT

1901 Kossuth Street | Lafayette, IN 47905 | 765-588-4335



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lafayette Urban Ministry, Inc.

We have audited the accompanying financial statements of Lafayette Urban Ministry, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016, and 2015, and the related statements of activities and net assets, 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 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 Lafayette Urban Ministry, Inc. as of December 31, 2016, and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

SHEDJAMA, INC.  
dba Edward Opperman, CPA  
Lafayette, Indiana  
June 12, 2017

**LAFAYETTE URBAN MINISTRY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,176,698	\$ 1,170,935
Pledges receivable, net of allowance	-	105,692
Prepaid insurance	-	2,976
<b>TOTAL CURRENT ASSETS</b>	<u>1,176,698</u>	<u>1,279,603</u>
<b>PROPERTY PLANT AND EQUIPMENT, At Cost</b>		
Buildings	1,896,120	1,892,177
Furniture and equipment	58,035	55,634
Vehicles	114,800	114,800
	<u>2,068,955</u>	<u>2,062,611</u>
Less: Accumulated depreciation	<u>(925,365)</u>	<u>(860,352)</u>
	1,143,590	1,202,259
Land	392,737	392,737
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT, Net</b>	<u>1,536,327</u>	<u>1,594,996</u>
<b>OTHER ASSETS</b>		
Trust investments held by others	<u>1,160,190</u>	<u>1,173,728</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,160,190</u>	<u>1,173,728</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 3,873,215</u></u>	<u><u>\$ 4,048,327</u></u>

**LAFAYETTE URBAN MINISTRY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31,**

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	<u>2016</u>	<u>2015</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 3,715	\$ 6,454
Accrued salaries and wages	10,900	-
<b>TOTAL LIABILITIES</b>	<u>14,615</u>	<u>6,454</u>
<b>NET ASSETS</b>		
Unrestricted	2,176,431	2,118,900
Temporarily restricted	1,682,169	1,922,973
<b>TOTAL NET ASSETS</b>	<u>3,858,600</u>	<u>4,041,873</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 3,873,215</u>	<u>\$ 4,048,327</u>

**LAFAYETTE URBAN MINISTRY, INC.**  
**STATEMENTS OF ACTIVITIES AND NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>						
Contributions	\$ 645,764	\$ 10,000	\$ 655,764	\$ 632,858	\$ 37,713	\$ 670,571
Grants	-	35,050	35,050	-	52,089	52,089
Fundraising	119,128	-	119,128	97,782	-	97,782
Investment revenue (net)	-	13,751	13,751	-	13,259	13,259
Investment unrealized gains (losses)	-	30,177	30,177	-	(36,782)	(36,782)
Miscellaneous	47,636	1,814	49,450	555	-	555
Total Revenue and Support	812,528	90,792	903,320	731,195	66,279	797,474
Net assets released from restrictions	217,966	(217,966)	-	(25,134)	25,134	-
Total Revenue and Support	1,030,494	(127,174)	903,320	706,061	91,413	797,474
<b>EXPENSES</b>						
Program	376,593	8,406	384,999	408,287	-	408,287
Administration and facility	329,244	-	329,244	297,691	-	297,691
Central Emergency Fund	114,494	-	114,494	129,331	-	129,331
Fundraising	87,619	-	87,619	74,643	-	74,643
Depreciation	65,013	-	65,013	56,710	-	56,710
Uncollectible pledge write-off	-	105,224	105,224	-	-	-
Total Expenses	972,963	113,630	1,086,593	966,662	-	966,662
<b>INCREASE (DECREASE) IN NET ASSETS</b>	57,531	(240,804)	(183,273)	(260,601)	91,413	(169,188)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	2,118,900	1,922,973	4,041,873	2,328,929	1,831,560	4,160,489
Prior Period Adjustment	-	-	-	50,572	-	50,572
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 2,176,431</u>	<u>\$ 1,682,169</u>	<u>\$ 3,858,600</u>	<u>\$ 2,118,900</u>	<u>\$ 1,922,973</u>	<u>\$ 4,041,873</u>

**LAFAYETTE URBAN MINISTRY, INC.**  
**STATEMENTS OF FUNCTIONAL PROGRAM EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31,**

	2016												2015	
	Shelter	After School	Jubilee	Camp	Good Samaritan	Community Thanksgiving	Tax Assistance	Social Justice	Achieve	5th Quarter	Seed	Other	Total	Total
Salaries	\$ 34,570	\$ 31,820	\$ 8,823	\$ 6,686	\$ 16,564	\$ 2,760	\$ 1,422	\$ 17,048	\$ -	\$ 28,459	\$ -	\$ -	\$ 148,152	\$ 211,242
Benefits	9,938	9,539	2,647	2,006	4,969	-	5,520	5,114	-	3,107	-	-	42,840	55,050
Supplies	482	-	-	773	-	-	-	-	-	-	-	-	1,255	6,695
Telephone	1,101	315	-	-	-	-	-	-	-	-	-	-	1,416	1,295
Postage	-	701	-	462	-	-	-	-	-	-	-	-	1,163	-
Insurance	5,460	3,800	-	175	-	-	-	-	-	-	-	-	9,435	11,135
Utilities	61,999	-	-	-	-	-	-	-	-	-	-	-	61,999	28,300
Travel	-	1,441	-	1,378	-	-	-	-	-	437	-	-	3,256	1,255
Office	116	-	-	-	-	-	-	-	-	-	-	-	116	3,217
Program	-	5,236	25,441	4,469	48	670	471	3,571	-	1,539	1,961	6,525	49,931	66,390
Hanging Rock	-	-	-	16,550	-	-	-	-	-	-	-	-	16,550	21,005
Other	274	377	-	-	-	-	-	-	-	567	-	-	1,218	2,703
Unbudgeted	23,681	-	-	10,000	-	-	-	9,262	3,706	-	-	1,019	47,668	-
	<u>\$ 137,621</u>	<u>\$ 53,229</u>	<u>\$ 36,911</u>	<u>\$ 42,499</u>	<u>\$ 21,581</u>	<u>\$ 3,430</u>	<u>\$ 7,413</u>	<u>\$ 34,995</u>	<u>\$ 3,706</u>	<u>\$ 34,109</u>	<u>\$ 1,961</u>	<u>\$ 7,544</u>	<u>\$ 384,999</u>	<u>\$ 408,287</u>

**LAFAYETTE URBAN MINISTRY, INC.**  
**STATEMENTS OF FUNCTIONAL SUPPORT EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31,**

	2016			2015		
	Admin	Facility	Total	Admin	Facility	Total
Salaries	\$ 194,408	\$ -	\$ 194,408	\$ 174,873	\$ -	\$ 174,873
Benefits	46,651	-	46,651	37,121	-	37,121
FICA	36,621	-	36,621	33,114	-	33,114
Professional fees	6,800	-	6,800	6,750	-	6,750
Supplies	2,851	-	2,851	5,731	-	5,731
Telephone	2,233	-	2,233	1,963	-	1,963
Postage	3,706	-	3,706	3,969	-	3,969
Insurance	8,085	-	8,085	4,370	-	4,370
Utilities	-	7,881	7,881	-	8,593	8,593
Repairs and service contracts	-	14,418	14,418	11,708	5,838	17,546
Staff development	1,137	-	1,137	457	-	457
Transportation and travel	603	-	603	-	-	-
Board committees	522	-	522	1,401	-	1,401
Credit card fees	1,948	-	1,948	1,803	-	1,803
Miscellaneous	1,380	-	1,380	-	-	-
	<u>\$ 306,945</u>	<u>\$ 22,299</u>	<u>\$ 329,244</u>	<u>\$ 283,260</u>	<u>\$ 14,431</u>	<u>\$ 297,691</u>



**LAFAYETTE URBAN MINISTRY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31,**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ (183,273)	\$ (169,188)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	65,013	56,710
Investment unrealized (gains) losses	(30,177)	36,782
Loss on disposal of equipment	-	13,630
(Increase) decrease in operating assets:		
Accounts receivable	-	17,795
Pledges receivable	105,692	742
Prepaid insurance	2,976	(1,626)
Increase (decrease) in operating liabilities:		
Accounts payable	(2,739)	(3,467)
Accrued salaries and wages	10,900	-
Net cash provided by (used in) operating activities	<u>(31,608)</u>	<u>(48,622)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(6,344)	(17,871)
Proceeds from sale of equipment	-	311
Proceeds from sale of investments, net	43,715	27,339
Increase in investments - Prior Period Adjustment	-	50,572
Net cash provided by (used in) investing activities	<u>37,371</u>	<u>60,351</u>
<b>NET INCREASE IN CASH</b>	5,763	11,729
<b>CASH AT BEGINNING OF YEAR</b>	<u>1,170,935</u>	<u>1,159,206</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 1,176,698</u></u>	<u><u>\$ 1,170,935</u></u>

**LAFAYETTE URBAN MINISTRY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS DECEMBER 31, 2016 AND 2015**

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**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

- a. Nature of Operations—The Lafayette Urban Ministry, Inc., (the Organization) serves the underprivileged citizens of Tippecanoe County by providing assistance and shelter. The Organization is supported primarily through donor contributions.
- b. Basis of Accounting—The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles. The financial statements are presented in accordance with the provisions of FASB Statements No. 116, *Accounting for Contributions Received and Contributions Made* and No. 117, *Financial Statement of Not-for-Profit Organizations*, and the AICPA Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide").
- c. Cash Equivalents—For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents.
- d. Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.
- e. Promises to Give—Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

- f. Property, Plant and Equipment—Property, plant and equipment directly owned by the Organization is recorded at cost or, for donations, at fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed over the estimated useful lives of the property and equipment, generally over five to thirty-nine years, using the straight-line method.

- g. Income Taxes—The Organization has been granted an exemption from income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no expense or liability for income taxes has been recognized in the accompanying financial statements. Contributions to the Organization are tax deductible within the limitations prescribed by the code. The Organization is not considered a private foundation within the meaning of Section 509(a)(1) of the code.

**LAFAYETTE URBAN MINISTRY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS DECEMBER 31, 2016 AND 2015**

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**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

- h. Functional Allocation—The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supportive services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- i. Net Assets—Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards SFAS No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the net assets of the Organization are reported in each of the following three classes:
- *Unrestricted Net Assets*—Net assets that are not subject to donor-imposed stipulations.
  - *Temporarily Restricted Net Assets*—Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.
  - *Permanently Restricted Net Assets*—Net assets subject to donor-imposed stipulations that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

- j. Advertising—The Organization's advertising costs are expensed as incurred. There were no advertising expenses for the years covered by these financial statements.
- k. Contributed Services—Individuals volunteered hours of their time to perform a variety of tasks that assist the Organization in achieving the goals of its programs. None of these services met the requirements of specialized skills to be recorded.
- l. Fair Values of Financial Instruments—The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Investments: The amount reported is the approximate fair value of those investments for the dates covered by the financial statements.

- m. Accrued Vacation—The Organization has not accrued compensated absences because the amount cannot be reasonably estimated.

**LAFAYETTE URBAN MINISTRY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS DECEMBER 31, 2016 AND 2015**

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**NOTE 2: CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at various financial institutions located in Lafayette, Indiana. The Federal Deposit Insurance Corporation insures accounts up to \$250,000 at each institution. At December 31, 2016, the Organization's cash balance that exceeded this insured limit was \$777.

The Organization also has significant investments in money market accounts, stocks, bonds, and mutual funds and is therefore subject to concentrations of credit risk. Investments are under the direction of the Organization's executive council and the full board of directors, which establishes the investment policies. Though the investment market value is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

**NOTE 3: INVESTMENTS**

The estimated fair values of the Organization's investments, none of which are held for trading purposes are as follows as of December 31:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
	<u>2016</u>		
Cash and Cash Equivalents	\$ 32,054	\$ 32,054	\$ -
Equities	667,995	572,641	95,354
Fixed Income	346,388	349,020	(2,632)
Other Assets	113,753	116,547	(2,794)
	<u>\$ 1,160,190</u>	<u>\$ 1,070,262</u>	<u>\$ 89,928</u>
	<u>2015</u>		
Cash and Cash Equivalents	\$ 76,380	\$ 76,380	\$ -
Equities	667,364	607,534	59,830
Fixed Income	301,126	311,829	(10,703)
Other Assets	128,858	129,812	(954)
	<u>\$ 1,173,728</u>	<u>\$ 1,125,555</u>	<u>\$ 48,173</u>

**LAFAYETTE URBAN MINISTRY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS DECEMBER 31, 2016 AND 2015**

**NOTE 3: INVESTMENTS (cont.)**

The following is a reconciliation of investments for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Balance at beginning of year	\$ 1,173,728	\$ 1,256,272
Investment revenue	24,226	24,316
Investment expenses	(10,475)	(11,058)
Realized gains (losses)	(11,578)	45,468
Increase (decrease) in value	41,755	(82,250)
Additions (withdrawals), net	(57,466)	(59,020)
Balance at end of year	<u>\$ 1,160,190</u>	<u>\$ 1,173,728</u>

**NOTE 4: GRANTS**

Grants for the years ended December 31:

Source	CFDA Nंबर	Program	Pass Through Agency	<u>2016</u>	<u>2015</u>
Dept of HUD	14.218	Shelter (EFSP)	Indiana	\$ 17,000	\$ 17,250
Dept of HUD	14.218	Shelter (CDBG)	Lafayette	11,250	17,552
Dept of HUD	14.218	Shelter (CDBG)	West Lafayette	6,800	6,455
ESG	14.218	Emergency Assistance	Local board	-	10,832
				<u>\$ 35,050</u>	<u>\$ 52,089</u>

**NOTE 5: RESTRICTED NET ASSETS**

Restricted Net Assets at December 31:

	<u>2016</u>	<u>2015</u>
Avery Trust	\$ 1,160,190	\$ 1,217,437
Future Campaign	154,109	294,082
Lisack Endowment	190,087	179,195
Cook Endowment	47,458	47,458
Ebby Glockner Fund for Children	70,000	80,000
Winebrenner	60,325	69,587
Other	-	35,214
	<u>\$ 1,682,169</u>	<u>\$ 1,922,973</u>

**LAFAYETTE URBAN MINISTRY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS DECEMBER 31, 2016 AND 2015**

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**NOTE 6: FUNDRAISING SPECIAL EVENT**

During the years ended December 31, 2016 and 2015, the Organization held a major fundraising event called Hunger Hike. The following schedule shows the revenue received and the expenses incurred, including the distributions paid to local non-profit organizations.

	<u>2016</u>	<u>2015</u>
Revenues		
Hunger Hike - Entry Fees	\$ 74,903	\$ 67,467
Hunger Hike - Sponsorship Fees	33,665	30,315
Total Revenues	<u>108,568</u>	<u>97,782</u>
Expenses		
Hunger Hike - Event Expenses	6,479	6,566
Disbribution to Food Finders Food Bank	30,997	30,275
Disbribution to St Thomas Aquinas Center	35,997	30,275
Total Expenses	<u>73,473</u>	<u>67,115</u>
Net to Lafayette Urban Ministry, Inc.	<u>\$ 35,095</u>	<u>\$ 30,667</u>

**NOTE 7: PRIOR PERIOD ADJUSTMENT**

The financial statements for 2015 have been adjusted by a prior period adjustment of \$50,572. This adjustment is to correct an understatement of assets and net assets on the 2014 balance sheet.

**NOTE 8: PRIOR YEAR PRESENTATION AND CLASSIFICATION**

The amounts for 2015 are presented in this report for comparative purposes only. Certain amounts in the prior year financial statements have been reclassified for comparative purposes and to conform to the presentation of the current year financial statements.

**NOTE 9: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through the date of this report, that date on which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the related notes to the financial statements.