

*Financial Statements*

**LAFAYETTE URBAN MINISTRY, INC.**

**DECEMBER 31, 2022 AND 2021 (Restated)**

**LAFAYETTE URBAN MINISTRY, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Lafayette Urban Ministry, Inc.  
Lafayette, Indiana

### Qualified Opinion

We have audited the accompanying financial statements of Lafayette Urban Ministry, Inc. (a nonprofit organization), which comprise the statement of financial position as of and for the years ended December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Lafayette Urban Ministry, Inc. as of December 31, 2022 and 2021, 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.

### Basis for Qualified Opinion

Due to the lack of an adequate internal controls system surrounding checks written for the Good Samaritan Fund, we were unable to opine on the Good Samaritan Fund expenses totaling \$156,661.

Lafayette Urban Ministry, Inc. has not properly recorded a value for contributions of nonfinancial assets (in-kind contributions). Accounting principles generally accepted in the United States of America require that contributions of nonfinancial assets be recorded at fair value as of the gift date. The effects on the accompanying financial statements for the failure to record contributions of nonfinancial assets have not been determined.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. We are required to be independent of Lafayette Urban Ministry, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## **INDEPENDENT AUDITOR'S REPORT--CONTINUED**

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Urban Ministry, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lafayette Urban Ministry, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lafayette Urban Ministry, Inc.'s ability to continue as a going concern for a reasonable period of time.

**INDEPENDENT AUDITOR'S REPORT--CONTINUED**

**We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.**

*Huth Thompson LLP*

**July 18, 2023**  
**Lafayette, Indiana**

**LAFAYETTE URBAN MINISTRY, INC.**

**STATEMENT OF FINANCIAL POSITION**

As of December 31,

	<u>2022</u>	<u>2021</u>
		<b>RESTATED</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 521,937	\$ 907,272
Certificates of Deposit--Short Term	-	8,400
Accounts Receivable	4,446	200
Prepaid Expenses	8,245	4,820
Contributions Receivable	95,718	37,174
Grants Receivable	15,278	27,491
Investments	<u>610,116</u>	<u>299,195</u>
TOTAL CURRENT ASSETS	1,255,740	1,284,552
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and Improvements	2,287,728	2,205,668
Vehicles	184,075	184,075
Equipment	108,080	108,080
Construction in Progress	<u>8,078</u>	<u>75,000</u>
	2,587,961	2,572,823
Accumulated Depreciation and Amortization	<u>(1,343,006)</u>	<u>(1,265,503)</u>
	1,244,955	1,307,320
Land	<u>392,737</u>	<u>392,737</u>
	1,637,692	1,700,057
<b>OTHER ASSETS</b>		
Beneficial Interest in Assets Held by a Trust	<u>1,145,743</u>	<u>1,427,020</u>
	<u>\$ 4,039,175</u>	<u>\$ 4,411,629</u>

See Notes to Financial Statement.

	<u>2022</u>	<u>2021</u>
		RESTATED
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 43,434	\$ 46,179
Accrued Wages and Benefits	26,201	14,543
Accrued Property Tax	6,430	2,704
Refundable Advance	10,433	-
Current Portion--Finance Lease Obligation	<u>2,650</u>	<u>3,959</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>89,148</b>	<b>67,385</b>
<b>LONG-TERM LIABILITIES</b>		
Finance Lease Obligation, Less Current Portion	<u>-</u>	<u>2,650</u>
<b>TOTAL LIABILITIES</b>	<b>89,148</b>	<b>70,035</b>
<b>NET ASSETS</b>		
<b>Net Assets Without Donor Restrictions</b>		
Undesignated Net Assets	1,786,796	1,431,066
Board Designated	<u>697,458</u>	<u>816,297</u>
	<u>2,484,254</u>	<u>2,247,363</u>
<b>Net Assets With Donor Restrictions</b>	<u>1,465,773</u>	<u>2,094,231</u>
<b>TOTAL NET ASSETS</b>	<u>3,950,027</u>	<u>4,341,594</u>
	<u>\$ 4,039,175</u>	<u>\$ 4,411,629</u>

## LAFAYETTE URBAN MINISTRY, INC.

### STATEMENT OF ACTIVITIES For the Years Ended December 31,

	2022			2021		
	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS RESTATED	WITH DONOR RESTRICTIONS RESTATED
<b>SUPPORT AND REVENUE</b>						
Public Support						
Contributions of Financial Assets	\$ 912,575	\$ 485,926	\$ 426,649	\$ 786,027	\$ 404,370	\$ 381,657
Grants	<u>183,590</u>	<u>129,904</u>	<u>53,686</u>	<u>205,063</u>	<u>46,545</u>	<u>158,518</u>
	1,096,165	615,830	480,335	991,090	450,915	540,175
Program Services						
Program Service Fees	118,305	118,305	-	89,700	89,700	-
Rental Income	<u>38,379</u>	<u>38,379</u>	<u>-</u>	<u>40,203</u>	<u>40,203</u>	<u>-</u>
	156,684	156,684	-	129,903	129,903	-
Other Income						
Special Events	255,191	255,191	-	251,780	251,780	-
Less: Costs of Direct Benefits to Donors	<u>(134,190)</u>	<u>(134,190)</u>	<u>-</u>	<u>(132,345)</u>	<u>(132,345)</u>	<u>-</u>
Net Special Events	121,001	121,001	-	119,435	119,435	-
Investment Income	19,566	19,566	-	8,699	8,699	-
Change in Beneficial Interest in Assets Held by a Trust	(220,510)	52,813	(273,323)	151,112	70,949	80,163
Realized (Loss)	(7,501)	(7,501)	-	-	-	-
Gain on Asset Disposal	-	-	-	20,734	20,734	-
Miscellaneous Income	<u>574</u>	<u>574</u>	<u>-</u>	<u>4,243</u>	<u>4,243</u>	<u>-</u>
	(86,870)	186,453	(273,323)	304,223	224,060	80,163
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>-</u>	<u>835,470</u>	<u>(835,470)</u>	<u>-</u>	<u>571,051</u>	<u>(571,051)</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>1,165,979</b>	<b>1,794,437</b>	<b>(628,458)</b>	<b>1,425,216</b>	<b>1,375,929</b>	<b>49,287</b>
<b>EXPENSES</b>						
Program Services	1,081,817	1,081,817	-	1,199,622	1,199,622	-
Management and General	296,705	296,705	-	131,849	131,849	-
Fundraising	<u>91,126</u>	<u>91,126</u>	<u>-</u>	<u>48,308</u>	<u>48,308</u>	<u>-</u>
<b>TOTAL EXPENSES</b>	<b>1,469,648</b>	<b>1,469,648</b>	<b>-</b>	<b>1,379,779</b>	<b>1,379,779</b>	<b>-</b>
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE</b>						
<b>UNREALIZED (LOSS) ON INVESTMENTS</b>	<b>(303,669)</b>	<b>324,789</b>	<b>(628,458)</b>	<b>45,437</b>	<b>(3,850)</b>	<b>49,287</b>
<b>UNREALIZED (LOSS) ON INVESTMENTS</b>	<u>(87,898)</u>	<u>(87,898)</u>	<u>-</u>	<u>(634)</u>	<u>(634)</u>	<u>-</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(391,567)</b>	<b>236,891</b>	<b>(628,458)</b>	<b>44,803</b>	<b>(4,484)</b>	<b>49,287</b>
<b>NET ASSETS--Beginning of Year</b>	<u>4,341,594</u>	<u>2,247,363</u>	<u>2,094,231</u>	<u>4,296,791</u>	<u>2,251,847</u>	<u>2,044,944</u>
<b>NET ASSETS--End of Year</b>	<b>\$ 3,950,027</b>	<b>\$ 2,484,254</b>	<b>\$ 1,465,773</b>	<b>\$ 4,341,594</b>	<b>\$ 2,247,363</b>	<b>\$ 2,094,231</b>



**LAFAYETTE URBAN MINISTRY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Years Ended December 31,**

	2022				2021			
	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING
Salaries and Wages	\$ 661,370	\$ 524,206	\$ 65,113	\$ 72,051	\$ 611,175	\$ 533,283	\$ 54,813	\$ 23,079
Payroll Taxes	58,172	32,822	24,419	931	56,623	49,262	5,096	2,265
Employee Benefits/Taxes	144,703	55,668	89,035	-	128,872	109,121	11,851	7,900
Legal and Accounting	17,715	-	17,715	-	17,847	-	17,847	-
Repairs and Maintenance	51,792	48,991	2,182	619	42,359	34,023	8,336	-
Utilities	22,121	21,202	784	135	15,830	15,427	403	-
Telephone	5,582	3,895	1,214	473	5,006	3,754	751	501
Insurance	30,277	24,097	5,286	894	26,781	21,424	5,357	-
Supplies	13,340	2,568	10,411	361	13,426	10,741	2,685	-
Office Supplies	2,175	-	1,290	885	-	-	-	-
Printing	4,571	396	4,175	-	6,228	4,982	1,246	-
Travel and Mileage	370	10	191	169	55	44	11	-
Training	3,987	225	3,762	-	1,396	1,396	-	-
Dues and Subscriptions	600	600	-	-	857	857	-	-
Taxes and Penalties	19,008	11,174	7,776	58	14,528	12,860	1,001	667
Feasibility Study	30,100	-	30,100	-	18,500	13,875	2,775	1,850
Interest Expense	853	-	853	-	1,486	1,189	297	-
Program Expenses	278,780	277,390	1,390	-	295,708	295,378	282	48
Board Expense	13,577	2,000	11,577	-	85	-	85	-
Depreciation and Amortization	77,504	71,328	4,540	1,636	80,611	66,916	13,695	-
Fundraising Expenses	13,314	426	-	12,888	11,998	-	-	11,998
Technology	7,386	-	7,386	-	-	-	-	-
Rebranding Costs	-	-	-	-	27,878	25,090	2,788	-
Nonfinancial Expenses	6,048	4,620	1,428	-	-	-	-	-
Miscellaneous	6,303	199	6,078	26	2,530	-	2,530	-
<b>TOTAL EXPENSES</b>	<b>\$ 1,469,648</b>	<b>\$ 1,081,817</b>	<b>\$ 296,705</b>	<b>\$ 91,126</b>	<b>\$ 1,379,779</b>	<b>\$ 1,199,622</b>	<b>\$ 131,849</b>	<b>\$ 48,308</b>

**LAFAYETTE URBAN MINISTRY, INC.**

**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31,

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ (391,567)	\$ 44,803
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities--		
Depreciation	77,504	80,611
Realized Loss on Investments	7,501	-
Unrealized Loss on Investments	87,898	634
Unrealized (Gain) Loss in Beneficial Interest	281,277	(97,975)
(Gain) on Disposal of Property and Equipment	-	(20,734)
(Increase) Decrease in Assets--		
Certificates of Deposit	8,400	154,578
Accounts Receivable	(4,246)	(200)
Grants Receivable	12,213	(21,880)
Contribution Receivable	(58,544)	82,756
Prepaid Expenses	(3,425)	12,369
Increase (Decrease) in Liabilities--		
Accounts Payable	(2,745)	38,812
Accrued Wages and Benefits	11,658	3,052
Accrued Property Tax	3,726	(523)
Refundable Advance	10,433	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>40,083</b>	<b>276,303</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(493,823)	(299,829)
Proceeds from Sale of Property and Equipment	-	125,014
Proceeds from Sale of Investments	87,503	-
Purchases of Property and Equipment	(15,139)	(99,980)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(421,459)</b>	<b>(274,795)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Finance Lease Obligation	(3,959)	(3,326)
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<b>(3,959)</b>	<b>(3,326)</b>
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(385,335)</b>	<b>(1,818)</b>
<b>CASH AND CASH EQUIVALENTS--Beginning of Year</b>	<b>907,272</b>	<b>909,090</b>
<b>CASH AND CASH EQUIVALENTS--End of Year</b>	<b>\$ 521,937</b>	<b>\$ 907,272</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year For Interest	\$ 853	\$ 1,486

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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

A summary of Lafayette Urban Ministry, Inc.'s significant accounting policies consistently applied in the preparation of the accompanying financial statements are as follows:

- A) **Nature of Operations**--Lafayette Urban Ministry, Inc. (the Organization) is a non-profit organization incorporated in 1968. The Organization serves the underprivileged citizens of Tippecanoe County by providing assistance and shelter. The Organization is supported primarily through donor contributions.
- B) **Use of Estimates**--The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.
- C) **Cash Equivalents**--The Organization considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.
- D) **Receivables**--Accounts Receivable consists of fees charged for program related activities. Grants Receivable consists mainly of amounts due from state and local funding agencies. Uncollectible receivables are charged directly to expense when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.
- E) **Contributions and Revenue Recognition**--The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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

- E) Contributions and Revenue Recognition (Continued)--**The Organization has revenue derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Program service fee revenue is recognized when control of promised services is transferred to clients, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those services. Program service fee revenue is derived primarily from youth after school programs. The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

- F) Property and Equipment--**The Organization capitalizes all expenditures for property and equipment which have a useful life of more than one year. Property and equipment are stated at cost. If donated, the cost is the fair value at the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, using the straight-line method. Maintenance, repairs, and minor renewals are charged to operations as incurred. Improvements and major renewals are capitalized. Upon sale or disposition of properties, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale. Any resulting gain or loss is charged to operations. Depreciation expense was \$77,504 and \$80,611 for the years then ended December 31, 2022 and 2021, respectively.

- G) Basis of Presentation--**In accordance with FASB Accounting Standards Codification (Accounting Standards), the net assets of the Organization are reported in each of the following classes:

- (1) *Net Assets Without Donor Restrictions*--**Net assets that are not subject to donor-imposed stipulations.
- (2) *Net Assets With Donor Restrictions*--**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, and not subject to appropriation or expenditure; and those that will be maintained in perpetuity.

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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

- G) Basis of Presentation (Continued)--Net assets of the restricted class are created only by donor-imposed restrictions on their use. All other assets, including board designated amounts, are unrestricted and are reported as part of net assets without donor restrictions.**

All donor-restricted contributions are recorded as increases in net assets with restrictions, depending on the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise stipulated by the donor.

- H) Income Taxes--The Organization is incorporated in the state of Indiana and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of the State Code. The Organization is classified as a publicly supported organization rather than a private foundation under Section 509(a)(1). Contributions to the Organization are deductible for income tax purposes. Accounting standards require entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years 2019 through 2022 remain open and are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Organization does not believe that it has any uncertain tax positions with respect to these or other matters, and therefore has not recorded any unrecognized tax benefits or liabilities.**
- I) Advertising--The Organization expenses advertising as incurred. For the years ended December 31, 2022 and 2021, advertising costs totaled \$125 and \$196, respectively.**

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

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

- J) **Nonfinancial Assets**--The Organization receives various types of nonfinancial assets including property and equipment, professional services, and materials. Property and equipment donated is capitalized on the basis explained in Note 1F. Contributed professional services are recognized if the services either create or enhance long-lived assets, or require specialized skills and would typically need to be purchased if not provided by the donation. Contributions of supplies, space, and materials are recognized at fair market value when received. However, the Organization, as noted in the Qualified Audit Opinion has not recorded any nonfinancial assets for the years ended December 31, 2022 and 2021.

The Organization also receives significant donations of time from volunteers that do not meet the two recognized criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the financial statements.

- K) **Lease Accounting**--The Organization determines whether to account for its leases as operating or finance leases depending on the underlying terms of the lease agreement. This determination of classification can be complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the asset, the Organization's cost of funds, minimum lease payments, and other lease terms.
- L) **Adoption of New Accounting Standards**--Effective January 1, 2022, the Organization adopted FASB ASC 842, *Leases*. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months are not recorded as a right of use asset and lease liability and the payments are recognized into profit or loss on a straight-line basis over the lease term.

The Organization elected to adopt FASB ASC 842, *Leases*, using the optional transition method that allows the Organization to initially apply the new leases standard at the adoption date. As a result, the Organization reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

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

- L) Adoption of New Accounting Standards (Continued)--The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard.

This package includes the following: relief from determination of lease contracts included in existing or expiring leases as the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. Because the Organization elected the practical expedient to not reassess lease identification, classification, and initial direct costs, Topic 842 had no effect to beginning net assets, or statement of financial position accounts related to lessor accounting.

**NOTE 2: CASH**

Cash consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Checking	\$ 196,108	\$ 93,299
Money Market	312,879	711,749
Petty Cash	100	100
Cash Equivalents	7,262	102,124
Gift Cards	<u>5,588</u>	<u>-</u>
	<u>\$ 521,937</u>	<u>\$ 907,272</u>

**NOTE 3: CONCENTRATION OF CREDIT RISK**

At certain times during the year, the Organization maintained cash deposits with various banks which exceeded the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The amount of cash over the FDIC limit was \$400 and \$287,307 for the years ended December 31, 2022 and 2021, respectively.

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 4: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2022	2021
<b>Financial assets at year end--</b>		
Cash	\$ 521,937	\$ 907,272
Certificate of Deposits--Short Term	-	8,400
Accounts Receivable	4,446	200
Contribution Receivable	95,718	37,174
Grants Receivable	15,278	27,491
Investments	610,116	299,195
	1,247,495	1,279,732
<b>Less amounts not available to be used within one year--</b>		
Board designated net assets (without board release)	697,458	816,297
Net assets with donor restrictions prohibited from being utilized within one year	-	8,400
	697,458	824,697
<b>Financial assets available to meet general expenditures over the next twelve months</b>	<b>\$ 550,037</b>	<b>\$ 455,035</b>

The Organization develops an annual budget which is reviewed and approved by the Board. Monthly financial reports detail revenue and expenses for each program. Overall spending, as well as program spending, is closely monitored on a monthly basis. If spending is higher than anticipated or revenue is lower, then adjustments may be made to avoid a shortfall. Most of the Organization's revenue comes from donations, a good portion of which comes from program solicitation letters sent six times a year. If the amount received from a solicitation is lower than the amount budgeted, then the budget is carefully reviewed and adjusted, if needed, to avoid a shortfall. Income from donor restricted funds are restricted for specific purposes and, therefore, are not available for general expenditure. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily liquidity requirements in money market accounts and short-term and long-term investments. Based on these factors, the Organization believes it has sufficient liquidity to continue operations.



**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 5: CERTIFICATES OF DEPOSIT**

As of December 31, 2021, the Organization had a certificate of deposit totaling \$8,400 that matured March 2022 with an interest rate of 2.47%.

**NOTE 6: CONTRIBUTION RECEIVABLE**

In 2020, the Organization was named beneficiary in an estate. As of December 31, 2021, the portion of the estate unconditionally promised to the Organization was recorded as a contribution receivable of \$37,174.

In 2022, The Organization was named beneficiary of two estates. As of December 31, 2022, the portion of the estates unconditionally promised to the Organization is recorded as contributions receivable totaling \$95,718.

**NOTE 7: INVESTMENTS**

Investments are carried at fair market value, and realized and unrealized gains and losses are included in the statements of activities. Interest and dividends are accrued as earned. Interest is shown net of any investment fees.

Investments at fair market value consisted of the following for the years ended December 31:

	2022			2021		
	Cost	Market	Unrealized (Loss)	Cost	Market	Unrealized (Loss)
Mutual Funds	\$ 697,176	\$ 608,789	\$ (88,387)	\$ 299,829	\$ 299,195	\$ (634)
Stocks	1,472	1,327	(145)	-	-	-
	<u>\$ 698,648</u>	<u>\$ 610,116</u>	<u>\$ (88,532)</u>	<u>\$ 299,829</u>	<u>\$ 299,195</u>	<u>\$ (634)</u>

Investment income consisted of the following for the year ended December 31:

	2022	2021
Interest and Dividends	\$ 13,506	\$ 8,699
Realized (Loss)	(7,501)	-
Unrealized (Loss)	<u>(87,898)</u>	<u>(634)</u>
	<u>\$ (81,893)</u>	<u>\$ 8,065</u>

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 8: BENEFICIAL INTEREST IN ASSETS HELD BY A TRUST**

The Avery Trust (a Private Foundation) was established in March 1989 for the purpose of supporting the Organization's outreach program for those in need of assistance. The Trust is held by a third party, but the Organization is the sole beneficiary of the Trust. The income created by the Trust is without donor restrictions; however, the principal of the Trust has to be held in perpetuity. The Organization receives an annual distribution of income from the Trust. Total assets of the Trust was approximately \$1,145,743 and \$1,427,020 for the years ended December 31, 2022 and 2021, respectively.

**NOTE 9: ACCRUED VACATION**

Employees of the Organization are entitled to vacation time depending on length of service and other factors. The value of accumulated vacation accrual is estimated and has been accrued at \$4,167 and \$8,610 as of December 31, 2022 and 2021.

**NOTE 10: FINANCE LEASE**

The Organization leases a copier for general office use in the normal course of business. The copier lease has a term of five years and title does not pass to the Organization at conclusion of the lease term. The Organization's lease agreement does not include any material residual value guarantee or material restrictive covenants.

Leases with an initial term of 12 months or less are not recorded on the statement of financial position. The Organization recognizes lease expense for the lease on a straight-line basis over the lease term.

For leases that the discount rate is not explicitly stated, the Organization utilizes an incremental borrowing rate. The incremental borrowing rate is determined by each class of asset based on the length of the term or the lease and type of collateral.

Included in equipment is a finance lease asset (ROU asset) of \$16,000, accumulated amortization of (\$14,400) in accumulated depreciation and amortization, and finance lease obligation (ROU liability) of (\$2,650) on the statement of financial position.

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 10: FINANCE LEASE (Continued)**

The components of finance lease cost consist of the following for the year ending December 31, 2022:

Amortization of ROU Assets	\$	3,200
Interest on Lease Obligation		<u>853</u>
	\$	<u><u>4,053</u></u>

The Organization's summary of finance lease related assets and liabilities consisted of the following as of December 31, 2022:

Finance Lease ROU Asset	\$	16,000
Accumulated Amortization		<u>(14,400)</u>
	\$	<u><u>1,600</u></u>

Current Portion--Finance Lease Obligation	\$	2,650
Finance Lease Obligation--Less Current Portion		<u>-</u>
	\$	<u><u>2,650</u></u>

The Organization's weighted average remaining finance lease term was seven months for the year ending December 31, 2022. The Organization's weighted average discount rate was 17.57% for the year ending December 31, 2022. The maturities of future minimum payments for finance lease liabilities is \$2,807 including interest of \$159 for the year ending December 31, 2022.

**NOTE 11: RESTATEMENT**

The Organization determined that the 2021 net assets was incorrectly stated as expenses were incurred in 2021 that should have released restricted net assets and previously were not released. The December 31, 2021 net assets have been restated as follows:

Account	As Originally Reported	Restatement	Restated Amounts
Net Assets Without Donor Restrictions--			
Undesignated Net Assets	\$ 1,406,186	\$ 24,880	\$ 1,431,066
Board Designated	816,297	-	816,297
Net Assets With Donor Restrictions	<u>2,119,111</u>	<u>(24,880)</u>	<u>2,094,231</u>
	<u><u>\$ 4,341,594</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,341,594</u></u>

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 12: RESTRICTED NET ASSETS**

Board Designated net assets consisted of the following at December 31:

	2022	2021
Winebrenner	\$ -	\$ 9,265
Board Reserve	600,000	600,000
Maintenance Reserve	25,000	25,000
Good Samaritan Fund	53,434	60,056
Haelterman Estate	-	45,096
Gibson/Veldman	19,024	20,000
Wilma Life Estate	-	47,430
Year End Reserve	-	9,450
	\$ 697,458	\$ 816,297

Net assets with donor restrictions subject to purpose restrictions, consisted of the following at December 31:

	2022	2021
		RESTATED
Purpose Restriction--		
5th Quarter Scholarships	\$ -	\$ 8,400
Susan Lisack Fund	-	190,087
Ebby Glockner Fund for Children	-	10,000
Campaign for the Future	245,537	352,764
Community Foundation	-	7,454
Good Samaritan Fund - Gibson/Veldman	-	5,611
Good Samaritan Fund - MA Kickstart	3,501	6,718
Good Samaritan Fund	-	1,457
Other	21	2,500
Dream Team	17,468	17,368
Marchall Bus Passes	64	1,240
Covid 19	-	8,255
Immigration/Social Justice	-	10,000
Jubilee	1,000	-
Food Pantry	21,870	22,742
	\$ 289,461	\$ 644,596

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 12: RESTRICTED NET ASSETS (Continued)**

Net assets with donor restrictions not subject to appropriation or expenditure, consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cook Endowment	\$ 47,458	\$ 47,458
Avery Trust	<u>1,128,854</u>	<u>1,402,177</u>
	<u>\$ 1,176,312</u>	<u>\$ 1,449,635</u>

The Cook contribution of \$47,458 was used to purchase rental properties (see Note 13). All income generated by the rental property is without donor restrictions.

Included in cash, fixed assets, and beneficial interest are board designated and donor restricted funds of \$2,163,230 and \$2,910,528 (restated) as of December 31, 2022 and 2021, respectively.

**NOTE 13: ENDOWMENT**

The Organization's endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reports based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time accumulation is added to the fund.

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 13: ENDOWMENT (Continued)**

The remaining portion of the donor-restricted endowment fund is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considered the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

***Return Objectives and Risk Parameters***

The Organization has adopted investment and spending policies for endowment assets that attempt to achieve real growth in the endowment fund's principal value after inflation and spending, to have the endowment fund participate in a diversified investment portfolio, to have equity and fixed income investments that are diversified among various asset classes in order to minimize the risk of large losses, and to maximize total return within reasonable and prudent levels or risk. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity.

***Strategies Employed for Achieving Objectives***

The Organization targets a diversified asset allocation that places a greater emphasis on a balanced portfolio of investments to achieve its long-term return objective within prudent risk constraints.

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

Income received from the Fund is without donor restrictions and shall be used as deemed necessary.

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 13: ENDOWMENT (Continued)**

For the years ended December 31, 2022 and 2021, the Organization had the following donor-restricted endowment related activities:

	<u>2022</u>	<u>2021</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Endowment Net Assets, Beginning of Year	<u>\$ 47,458</u>	<u>\$ 47,458</u>
Endowment Net Assets, End of Year	<u>\$ 47,458</u>	<u>\$ 47,458</u>

There were no underwater endowment funds as of December 31, 2022 and 2021.

**NOTE 14: FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Section 820, Fair Value Measurements and Disclosures, specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

**Level 1 Inputs--Unadjusted quoted market prices for identical assets and liabilities in an active market that the Organization has the ability to access. Valuations of these instruments do not require a high degree of judgment since the valuations are based on quoted prices in active markets.**

**Level 2 Inputs--Quoted prices from similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.**

**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

December 31, 2022 and 2021

**NOTE 14: FAIR VALUE MEASUREMENTS (Continued)**

As of December 31, 2022 and 2021, the assets noted below are reported at fair value on a recurring and nonrecurring basis. Carrying values of non-derivative financial instruments, including cash, receivables, payables, etc. approximate their fair values due to the short-term nature of these financial instruments. There were no changes in methods or assumptions during the year ended December 31, 2022.

2022	Fair Value	Quoted Prices In Active Markets for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2
<b>Recurring Fair Value Measurements--</b>			
Equities	\$ 346,784	\$ 346,784	\$ -
Fixed Income	262,006	262,006	-
Stock	1,326	1,326	-
Beneficial Interest in Assets Held by Trust	1,145,743	-	1,145,743
<b>Nonrecurring Fair Value Measurements--</b>			
Contributions Receivable	95,718	-	95,718
<b>TOTAL:</b>	<b>\$ 1,851,577</b>	<b>\$ 610,116</b>	<b>\$ 1,241,461</b>
<hr/>			
2021			
<b>Recurring Fair Value Measurements--</b>			
Equities	\$ 189,211	\$ 189,211	\$ -
Fixed Income	109,984	109,984	-
Beneficial Interest in Assets Held by Trust	1,427,020	-	1,427,020
<b>Nonrecurring Fair Value Measurements--</b>			
Contributions Receivable	37,174	-	37,174
<b>TOTAL:</b>	<b>\$ 1,763,389</b>	<b>\$ 299,195</b>	<b>\$ 1,464,194</b>

**NOTE 15: FUNCTIONAL ALLOCATION OF EXPENSES**

The Organization's financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Allocated expenses have been allocated between program, management and general, and fundraising based on management's estimates of time and usage.



**LAFAYETTE URBAN MINISTRY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**December 31, 2022 and 2021**

**NOTE 16: SUBSEQUENT EVENTS**

**The Organization has evaluated subsequent events through July 18, 2023, the date which the financial statement was available to be issued.**