

**UNITED METHODIST URBAN MINISTRIES OF  
RICHMOND, INC.**

(Shalom Farms)

Financial Statements  
for the year ended  
December 31, 2016

(with comparative information for the year ended December 31, 2015)

**UNITED METHODIST URBAN MINISTRIES OF  
RICHMOND, INC.**  
(Shalom Farms)

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**Frank Barcalow, CPA, P.L.L.C.  
108 Westchester  
Williamsburg, Virginia 23188**

## **Independent Accountant's Review Report**

The Board of Directors  
United Methodist Urban Ministries of Richmond, Inc. (Shalom Farms)  
Richmond, Virginia

We have reviewed the accompanying financial statements of United Methodist Urban Ministries of Richmond, Inc. (a non-profit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility 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; this includes the design, implementation, and maintenance internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

*Frank Barcalow CPA, P.L.L.C.*

Frank Barcalow CPA, P.L.L.C.  
Richmond, Virginia  
February 24, 2017

# UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC. (Shalom Farms)

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## Statements of Financial Position

December 31, 2016 and 2015

<b>Assets</b>	<u>2016</u>	<u>2015</u>
<b>Current assets</b>		
Cash and Cash Equivalents	\$ 238,542	\$ 356,078
Certificate of deposit	110,212	-
Contributions and grants receivable	34,818	17,694
Prepaid expenses	<u>10,539</u>	<u>5,794</u>
<b>Total current assets</b>	<u>394,111</u>	<u>379,566</u>
<b>Property and equipment</b>		
Leasehold improvements	119,682	9,382
Vehicles	107,957	13,572
Equipment and furniture	<u>151,451</u>	<u>70,587</u>
Less: Accumulated depreciation	<u>(67,851)</u>	<u>(43,791)</u>
<b>Total property and equipment</b>	<u>311,239</u>	<u>49,750</u>
<b>Total assets</b>	<u>\$ 705,350</u>	<u>\$ 429,316</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts Payable	\$ 52,398	\$ 9,114
Payroll liabilities	<u>6,696</u>	<u>710</u>
<b>Total current liabilities</b>	<u>59,094</u>	<u>9,824</u>
<b>Commitments</b>		
<b>Net assets</b>		
Unrestricted	603,946	250,555
Temporarily restricted net assets	<u>42,310</u>	<u>168,937</u>
<b>Total net assets</b>	<u>646,256</u>	<u>419,492</u>
<b>Total liabilities and net assets</b>	<u>\$ 705,350</u>	<u>\$ 429,316</u>

See accompanying notes to the financial statements and independent accountants' review report.

**UNITED METHODIST URBAN MINISTRIES  
OF RICHMOND, INC. (Shalom Farms)**

**Statement of Activities**

**For the year ended December 31, 2016**

**(with summarized totals for the year ended December 31, 2015)**

	<b>2016</b>			<b>2015</b>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Support and revenue</b>				
Contributions & Grants	\$ 251,103	\$ 452,542	\$ 703,645	464,977
Farm income	96,012	-	96,012	60,369
	<u>347,115</u>	<u>452,542</u>	<u>799,657</u>	<u>525,346</u>
Net assets released from restrictions	<u>579,169</u>	<u>(579,169)</u>	<u>-</u>	<u>-</u>
<b>Total support and revenue</b>	<u>926,284</u>	<u>(126,627)</u>	<u>799,657</u>	<u>525,346</u>
<b>Expenses</b>				
Program expenses	506,769	-	506,769	281,237
Supporting and administrative				
Administrative	52,145	-	52,145	59,576
Fundraising	13,979	-	13,979	20,977
	<u>66,124</u>	<u>-</u>	<u>66,124</u>	<u>80,553</u>
<b>Total supporting and administrative</b>	<u>66,124</u>	<u>-</u>	<u>66,124</u>	<u>80,553</u>
<b>Total expenses</b>	<u>572,893</u>	<u>-</u>	<u>572,893</u>	<u>361,790</u>
<b>Change in net assets</b>	353,391	(126,627)	226,764	163,556
<b>Net assets at beginning of year</b>	<u>250,555</u>	<u>168,937</u>	<u>419,492</u>	<u>254,950</u>
<b>Net assets at end of year</b>	<u>\$ 603,946</u>	<u>\$ 42,310</u>	<u>\$ 646,256</u>	<u>418,506</u>

# UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC. (Shalom Farms)

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## Statement of Functional Expenses

For the year ended December 31, 2016

(with comparative totals for the year ended December 31, 2015)

### 2016

	<u>Programs</u>	<u>Administrative</u>	<u>Fund Raising</u>	<u>Total 2016</u>
Salaries and benefits	\$ 287,734	\$ 33,233	\$ 11,920	\$ 332,887
Farm programs	124,493	-	-	124,493
Payroll taxes	20,664	2,542	912	24,118
Professional fees	-	9,534	-	9,534
Occupancy	12,838	-	-	12,838
Insurance	11,793	1,070	-	12,863
Travel and vehicle maintenance	5,267	-	-	5,267
Office expense	11,176	4,805	1,147	17,128
Miscellaneous	1,564	361	-	1,925
Depreciation	31,240	600	-	31,840
<b>Total expenses</b>	<b>\$ 506,769</b>	<b>\$ 52,145</b>	<b>\$ 13,979</b>	<b>\$ 572,893</b>

### 2015

	<u>Programs</u>	<u>Administrative</u>	<u>Fund Raising</u>	<u>Total 2015</u>
Salaries and benefits	\$ 203,008	\$ 20,283	\$ 7,275	\$ 230,566
Farm programs	35,924	-	-	35,924
Payroll taxes	12,655	8,969	557	22,181
Professional fees	-	10,943	7,222	18,165
Occupancy	9,409	3,136	-	12,545
Insurance	2,095	5,334	-	7,429
Travel and vehicle maintenance	3,606	-	-	3,606
Office expense	3,838	7,449	-	11,287
Miscellaneous	1,549	410	5,923	7,882
Depreciation	9,153	3,052	-	12,205
<b>Total expenses</b>	<b>\$ 281,237</b>	<b>\$ 59,576</b>	<b>\$ 20,977</b>	<b>\$ 361,789</b>

# UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC. (Shalom Farms)

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## Statement of Cash Flows

December 31, 2016

(with comparative totals for the year ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 226,764	\$ 164,543
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used by) operating activities		
Depreciation	31,840	12,205
Donated in-kind income	(3,490)	(1,165)
Donated in-kind expenses	540	-
(Increase) in contributions and grants receivable	(17,124)	(17,259)
(Increase) in prepaid expenses	(4,745)	(5,794)
Increase (decrease) in accounts payable	43,284	7,495
Increase (decrease) in payroll liabilities	5,986	1,262
	<u>283,055</u>	<u>161,287</u>
<b>Cash flows used in investing activities</b>		
Purchase of investments	(110,212)	-
Additions to property and equipment	(290,379)	(6,913)
	<u>(400,591)</u>	<u>(6,913)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(117,536)	154,374
<b>Cash and cash equivalents, beginning of year</b>	<u>356,078</u>	<u>201,704</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 238,542</u>	<u>356,078</u>

# **UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC. (Shalom Farms)**

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## **Notes to Financial Statements December 31, 2016 and 2015 (See Independent Accountants' Review Report)**

### **Note 1 - Summary of significant accounting policies**

#### ***Nature of activities***

The United Methodist Urban Ministries of Richmond, Inc. (the Organization) is a non profit organization dedicated to increasing access to healthy food in the Richmond, VA region, particularly in low-income urban neighborhoods, and to engaging organizations and congregations in mission. The Organization was formed in 1990 and began conducting business under the name Shalom Farms in May 2015. The majority of its revenue and support is provided by contributions and grants from corporations, foundations, businesses and individuals.

#### ***Basis of accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under generally accepted accounting principles of the United States, 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. At the present time, the Organization does not have any permanently restricted net assets.

Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that do not expire with time. Temporarily restricted net assets consist of assets whose use is limited by donor-imposed stipulations that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time. Unrestricted net assets are assets that are neither permanently nor temporarily restricted.

#### ***Contribution Revenues***

Contribution revenues are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions.

Amounts restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a 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.

#### ***Use of estimates***

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

#### ***Equipment and depreciation***

Leasehold improvements, vehicles, furniture, and equipment are recorded at cost, or at fair market value, if donated. The Organization capitalizes all expenditures for capital assets in excess of \$1,000. Leasehold improvements, vehicles, furniture and equipment are depreciated over an estimated useful life of 3 to 10 years using the straight line method.



# **UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC. (Shalom Farms)**

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## **Notes to Financial Statements December 31, 2016 and 2015 (See Independent Accountants' Review Report)**

### **Note 1 - Summary of significant accounting policies (concluded)**

#### *Cash equivalents*

For purposes of the statement of cash flows, the Organization considers highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

#### *Certificates of deposits*

Investments in certificates of deposits are reported at their fair value plus accrued interest.

#### *Grants and Pledges Receivable*

Pledges are recognized as revenue when the donor makes a pledge to give to the Organization that is, in substance, unconditional. Grants and pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Grants and pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made. The Organization estimates that all grants and pledges receivable are fully collectible; therefore, no allowance for uncollectible amounts has been established.

#### *Donated services, equipment and materials*

The Organization recognizes assets, services, and supplies, and other items in accordance with FASB Accounting Standards Codification 958, *Not for Profit Entities*. All in-kind contributions are recorded when received at fair value as income and expenses or capitalized as property or equipment. The Organization does not imply time restrictions for gifts of long-lived assets. As a result, in the absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue. The Organization pays for most services requiring specific expertise. However, 4,547 individuals volunteered their time and perform a variety of tasks. Total contributed equipment were \$2,950 and total contributed farming space was \$540 for a total of \$3,490 at December 31, 2016.

#### *Income Taxes*

The Internal Revenue Service has determined that the Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization are tax deductible as defined by Section 170 of the Internal Revenue Code. The Organization generally is no longer subject to examination by the Internal Revenue Service for the years before 2013.

#### *Allocation of expenses*

The costs of providing programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated between the program and supporting services benefitted.

# UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC. (Shalom Farms)

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## Notes to Financial Statements December 31, 2016 and 2015 (See Independent Accountants' Review Report)

### Note 1 - Summary of significant accounting policies (concluded)

#### *Advertising*

Advertising costs are expensed when incurred.

#### *Comparative totals*

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, 2015, from which the summarized information was derived.

### Note 2 – Certificate of deposits

The Organization currently has an outstanding certificate of deposit in the amount of \$110,212 as of December 31, 2016, due September 2021. Interest rate is 1.1%.

### Note 3 -Property and equipment

Property, equipment and improvements at December 31 consists of the following:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 119 682	\$ 9 382
Furniture and equipment	151 451	70 587
Vehicles	<u>107 957</u>	<u>13 572</u>
	379 090	93 541
Less accumulated depreciation	<u>67 851</u>	<u>43 791</u>
Total	<u>\$ 311 239</u>	<u>\$ 49 750</u>

Depreciation expense totaled \$31,840 for the current year.

### Note 4 – Leases

The Organization has a lease for office space. The terms are from November 1 to October 31, renewed annually. Currently the rent amounts to \$800, monthly.

The Organization also leased a farm which ended in 2016, annual rent was \$3,750.

The Organization signed a lease for use of real property for farming purposes. The terms of the lease began May 1, 2016 and continues for ten years at a rent expense of \$1 annually. The Organization will agree to contribute to physical plant of the premises with improvements of approximately \$300,000. Total inkind value of the rental of the farming property amounted to \$540.

The Organization's total rent expense for the year ended December 31, 2016 was \$13,090 and is included within occupancy expense and farming costs on the statement of activities.

# **UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC. (Shalom Farms)**

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## **Notes to Financial Statements December 31, 2016 and 2015 (See Independent Accountants' Review Report)**

### **Note 5 - Retirement plan**

The Organization offers a SIMPLE IRA retirement plan for all full time employees, beginning January 1, 2016. Employees may make voluntary contributions to the plan. Total retirement plan expense amounted for \$3,104 for 2016.

### **Note 6 - Concentration of credit risk**

The Organization maintains its cash balances in financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000 for balances carried in member banks. At times, bank balances may exceed federally insured limits.

### **Note 7 - Subsequent events**

In preparing these statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 24, 2017, the date the financial statements were issued.

### **Note 8 - Temporarily restricted net assets**

Temporarily restricted net assets as of December 31, 2016 consists of \$42,310 from corporations for specific purposes and time period.

Temporarily restricted net assets as of December 31, 2015 consists of \$168,937 from a grants receivable of \$10,000 from a private foundation and other funding of \$158,937 for specific purposes and time period.

Net assets released from restrictions of \$579,169, for the year ended December 31, 2016 are related to purpose and time restrictions being met.

### **Note 9 – Concentration of funding**

The Organization received approximately 25% of its contributions and grant funding from two private foundations related to its capital campaign for a total of \$200,000 for the year ended December 31, 2016, temporarily restricted, related to expansion needs.