

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

(Shalom Farms)

Financial Statements
for the year ended
December 31, 2015

UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC.

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Frank Barcalow, CPA, P.L.L.C.
108 Westchester
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Independent Accountant's Review Report

The Board of Directors
United Methodist Urban Ministries of Richmond, Inc.
Richmond, Virginia

We have reviewed the accompanying financial statements of United Methodist Urban Ministries of Richmond, Inc. (a non-profit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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
October 14, 2016

UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC.

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Statement of Financial Position

December 31, 2015

Assets	2015
Current assets	
Cash and Cash Equivalents	\$ 356,078
Contributions and grants receivable	17,694
Prepaid expenses	<u>5,794</u>
Total current assets	<u>379,566</u>
Property and equipment	
Leasehold improvements	9,382
Vehicles	13,572
Equipment and furniture	<u>70,587</u>
Less: Accumulated depreciation	<u>(43,791)</u>
Total property and equipment	<u>49,750</u>
Total assets	\$ <u><u>429,316</u></u>
Liabilities and Net Assets	
Current liabilities	
Accounts Payable	\$ 9,114
Payroll liabilities	<u>710</u>
Total current liabilities	<u>9,824</u>
Commitments	
Net assets	
Unrestricted	250,555
Temporarily restricted net assets	<u>168,937</u>
Total net assets	<u>419,492</u>
Total liabilities and net assets	\$ <u><u>429,316</u></u>

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

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Statement of Activities

For the year ended December 31, 2015

	2015		
	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions & Grants	\$ 82,764	\$ 382,213	\$ 464,977
Farm income	60,369	-	60,369
Miscellaneous income	986	-	986
	<u>144,119</u>	<u>382,213</u>	<u>526,332</u>
Net assets released from expiration purpose restrictions	<u>213,276</u>	<u>(213,276)</u>	<u>-</u>
Total support and revenue	<u>357,395</u>	<u>168,937</u>	<u>526,332</u>
Expenses			
Program expenses	281,237	-	281,237
Supporting and administrative			
Management and general	59,576	-	59,576
Fundraising	20,977	-	20,977
	<u>80,553</u>	<u>-</u>	<u>80,553</u>
Total supporting and administrative	<u>80,553</u>	<u>-</u>	<u>80,553</u>
Total expenses	<u>361,789</u>	<u>-</u>	<u>361,789</u>
Change in net assets	(4,394)	168,937	164,543
Net assets at beginning of year	<u>254,949</u>	<u>-</u>	<u>254,949</u>
Net assets at end of year	<u>\$ 250,555</u>	<u>\$ 168,937</u>	<u>\$ 419,492</u>

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

UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC.

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Statement of Functional Expenses

For the year ended December 31, 2015

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total 2016</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	<u>9,153</u>	<u>3,052</u>	<u>-</u>	<u>12,205</u>
Total expenses	\$ <u>281,237</u>	\$ <u>59,576</u>	\$ <u>20,977</u>	\$ <u>361,789</u>

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

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Statement of Cash Flows

December 31, 2015

	<u>2015</u>
Cash flows from operating activities	
Change in net assets	\$ 164,543
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used by) operating activities	
Depreciation	12,205
Donated in-kind income	(1,165)
(Increase) in contributions receivable	(17,259)
(Increase) in prepaid expenses	(5,794)
Increase (decrease) in accounts payable	7,495
Increase (decrease) in payroll liabilities	<u>1,262</u>
Net cash provided by (used in) operations	<u>161,287</u>
Cash flows provided by (used in) investing activities	
Additions to property and equipment	<u>(6,913)</u>
Net cash provided by (used in) investing activities	<u>(6,913)</u>
Net increase (decrease) in cash and cash equivalents	154,374
Cash and cash equivalents, beginning of year	<u>201,704</u>
Cash and cash equivalents, end of year	<u>\$ 356,078</u>

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

UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC.

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Notes to Financial Statements

December 31, 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 in May 2015 began conducting business under the name, Shalom Farms. 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.

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 for leasehold improvements, vehicles, furniture, and equipment using the straight line method.

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.

UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC.

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Notes to Financial Statements

December 31, 2015

(See Independent Accountants' Review Report)

Note 1 - Summary of significant accounting policies (concluded)

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 donated services, supplies, assets, 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, many individuals interested in the Organization's programs volunteer their time and perform a variety of tasks. Total contributed equipment were \$1,165 at December 31, 2015.

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 2012.

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.

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.

Advertising

Advertising costs are expensed when incurred.

UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC.

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

Note 2 -Property and equipment

Property and equipment consisted of the following at December 31, 2015:

Leasehold improvements	\$ 9 382
Furniture and equipment	70 587
Vehicles	<u>13 572</u>
	93 541
Less accumulated depreciation	<u>(43 791)</u>
	<u>\$ 49 750</u>

Note 3 – 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 for 2015, annual rent of \$3,000; this lease ended September 2015.

The Organization's total rent expense for the year ended December 31, 2015 was \$11,500 and is included within occupancy expense on the statement of activities.

Note 4 - 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.

Note 5 - Concentration of credit risk

The Organization maintains its cash balances in a financial institutions located in the metropolitan Richmond, Virginia. 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 6 - Subsequent events

In preparing these statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 14, 2016, the date the financial statements were issued.

Subsequent to the year ended December 31, 2015, the Organization signed a lease for use of real property for farming purposes. The terms of the lease begin May 1, 2016 and continue 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.

UNITED METHODIST URBAN MINISTRIES OF RICHMOND, INC.

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Notes to Financial Statements

December 31, 2015

(See Independent Accountants' Review Report)

Note 7 - Temporarily restricted net assets

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 funding of \$158,937 for specific purposes and time period. Net assets released from restrictions of \$213,276, are related to purpose and time restrictions being met.

Note 8 – Concentration of funding

The Organization received approximately 19% of its contribution and grant funding from a private foundation for the year ended December 31, 2015, temporarily restricted, related to expansion needs.