

**DENVER URBAN MINISTRIES**

FINANCIAL STATEMENTS

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DECEMBER 31, 2007

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors  
Denver Urban Ministries  
Denver, Colorado

We have audited the accompanying statement of financial position of Denver Urban Ministries as of December 31, 2007 and the related statements of activity, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2006 financial statements and, in our report dated April 6, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Denver Urban Ministries at December 31, 2007 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Davis & Co., CPAs, P.C.  
Certified Public Accountants

Highlands Ranch, Colorado  
April 21, 2008

**DENVER URBAN MINISTRIES**  
Statement of Financial Position  
December 31, 2007  
(With Comparative Totals for 2006)

	<u>Unrestricted-</u> <u>Operating</u>	<u>Temporarily</u> <u>Restricted</u>	<u>Permanently</u> <u>Restricted</u>	<u>2007</u> <u>Total</u>	<u>2006</u> <u>Total</u>
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 62,479	\$ --	\$ --	\$ 62,479	\$ 73,119
Grants and donations receivable	<u>1,892</u>	<u>120,160</u>	_____	<u>122,052</u>	<u>83,263</u>
	64,371	120,160		184,531	156,382
 Cash equivalents - Endowment Fund		13,245	110,253	123,498	135,983
 Property, plant and equipment, at cost	536,716			536,716	536,716
Less: accumulated depreciation	<u>(143,282)</u>	_____	_____	<u>(143,282)</u>	<u>(132,306)</u>
	<u>393,434</u>	_____	_____	<u>393,434</u>	<u>404,410</u>
	<u>\$457,805</u>	<u>\$133,405</u>	<u>\$110,253</u>	<u>\$701,463</u>	<u>\$696,775</u>
 <b>LIABILITIES AND NET ASSETS</b>					
Current liabilities					
Accounts payable	\$ 2,503	\$ --	\$ --	\$ 2,503	\$ 4,992
Bank line of credit	15,548			15,548	--
Accrued compensated absences	<u>13,311</u>	_____	_____	<u>13,311</u>	<u>9,431</u>
	31,362			31,362	14,423
 Net assets	<u>426,443</u>	<u>133,405</u>	<u>110,253</u>	<u>670,101</u>	<u>682,352</u>
	<u>\$457,805</u>	<u>\$133,405</u>	<u>\$110,253</u>	<u>\$701,463</u>	<u>\$696,775</u>

The accompanying notes are a part of this statement.

**DENVER URBAN MINISTRIES**  
Statement of Activity  
For the Year Ended December 31, 2007  
(With Comparative Totals for 2006)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>2007 Total</u>	<u>2006 Total</u>
<b>SUPPORT AND REVENUE</b>					
Private grants	\$239,432	\$149,205	\$ --	\$388,637	\$332,238
Contributions	176,652			176,652	158,795
In-kind services and materials	218,991			218,991	356,806
Government grants	29,758	34,000		63,758	22,065
Earned fees and income	40,154			40,154	40,041
Unrealized gains (losses)		(7,381)		(7,381)	16,750
Interest and other	<u>3,812</u>			<u>3,812</u>	<u>6,363</u>
Total support and revenue	708,799	175,824		884,623	933,058
Net assets released from restrictions due to satisfaction of program restrictions	<u>165,614</u>	<u>(165,614)</u>			
Total support and revenue and reclassifications	874,413	10,210	--	884,623	933,058
<b>FUNCTIONAL EXPENSES</b>					
Program services					
Outreach services	551,025			551,025	569,584
Job Services	174,616			174,616	158,603
Volunteer services	<u>94,982</u>			<u>94,982</u>	<u>100,837</u>
	820,623			820,623	829,024
Supporting services					
Management and general	27,314			27,314	25,776
Financial development	<u>48,937</u>			<u>48,937</u>	<u>38,192</u>
	<u>76,251</u>			<u>76,251</u>	<u>63,968</u>
Total expenses	<u>896,874</u>			<u>896,874</u>	<u>892,992</u>
<b>Change in net assets</b>	(22,461)	10,210	--	(12,251)	40,066
<b>Net assets, beginning of year</b>	<u>448,904</u>	<u>123,195</u>	<u>110,253</u>	<u>682,352</u>	<u>642,286</u>
<b>Net assets, end of year</b>	<u>\$426,443</u>	<u>\$133,405</u>	<u>\$110,253</u>	<u>\$670,101</u>	<u>\$682,352</u>

The accompanying notes are a part of this statement.

**DENVER URBAN MINISTRIES**  
Statement of Functional Expenses  
For the Year Ended December 31, 2007  
(With Comparative Totals for 2006)

	Program Services				Supporting Services		2007 <u>Total</u>	2006 <u>Total</u>
	<u>Outreach Services</u>	<u>Job Services</u>	<u>Volunteer Services</u>	<u>Total</u>	<u>Management and General</u>	<u>Financial Devel- opment</u>		
Personnel expenses	\$108,423	\$122,412	\$ 66,453	\$297,288	\$20,985	\$31,478	\$349,751	\$291,662
Client needs and assistance:								
Rent and utility assistance	168,432	--	--	168,432	--	--	168,432	125,632
Food and clothing bank & other	217,459	21,385	--	238,844	--	--	238,844	363,280
Legal services	24,000	--	--	24,000	--	--	24,000	20,875
Contract & professional services	8,070	2,998	4,946	16,014	1,562	8,458	26,034	11,925
Occupancy costs	4,809	5,429	11,428	21,666	930	1,398	23,994	20,661
Office supplies & expenses	7,677	8,668	4,705	21,050	1,486	2,231	24,767	25,576
Telecommunications & internet	4,098	4,627	2,512	11,237	793	1,192	13,222	10,174
Travel, meetings & conferences	1,693	1,912	1,038	4,643	327	2,329	7,299	6,037
Insurance & miscellaneous	<u>2,962</u>	<u>3,344</u>	<u>1,815</u>	<u>8,121</u>	<u>573</u>	<u>861</u>	<u>9,555</u>	<u>6,290</u>
Expenses before depreciation	547,623	170,775	92,897	811,295	26,656	47,947	885,898	882,112
Depreciation	<u>3,402</u>	<u>3,841</u>	<u>2,085</u>	<u>9,328</u>	<u>658</u>	<u>990</u>	<u>10,976</u>	<u>10,880</u>
Total expenses	<u>\$551,025</u>	<u>\$174,616</u>	<u>\$94,982</u>	<u>\$820,623</u>	<u>\$27,314</u>	<u>\$48,937</u>	<u>\$896,874</u>	<u>\$892,992</u>

The accompanying notes are a part of this statement.

**DENVER URBAN MINISTRIES**  
Statement of Cash Flows  
For the Year Ended December 31, 2007  
(With Comparative Totals for 2006)

	<u>2007</u>	<u>2006</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$(12,251)	\$40,066
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation	10,976	10,880
Unrealized loss (gain) on investments	7,381	(16,750)
Changes in operating assets and liabilities:		
Decrease (increase) in grants and donations receivable	(38,789)	13,668
(Decrease) in accounts payable	(2,489)	(2,763)
Increase in accrued compensated absences	<u>3,880</u>	<u>789</u>
Net cash flow from operating activities	(31,292)	45,890
Cash flow from financing activities- bank line of credit	15,548	--
Cash flow from investing activities:		
Transfers from (donations to) endowment fund	5,104	(5,873)
Purchase of fixed assets	<u>--</u>	<u>(5,044)</u>
	5,104	(10,917)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	(10,640)	34,973
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>73,119</u>	<u>38,146</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$62,479</u>	<u>\$73,119</u>
Supplemental disclosure of cash flow information:		
Interest/dividends received – cash basis	<u>\$51</u>	<u>\$1,698</u>
Interest expense – cash basis	<u>\$179</u>	

The accompanying notes are a part of this statement.

## DENVER URBAN MINISTRIES

### Notes to Financial Statements

December 31, 2007

Note 1: Summary of Significant Accounting Policies

Significant accounting policies are as follows:

a. Organization

Denver Urban Ministries (DenUM) was organized in 1981 and received 501(c)(3) status as a non-profit agency in 1984. DenUM provides emergency and stabilization services for impoverished residents of the Denver metro area through its signature "Outreach Services" program, which operates a food pantry and provides rent and utility assistance to those demonstrating need. Self-sufficiency opportunities were initiated in 1989 and DenUM's "Job Services" program opened in 1993. The "Urban Education" program is the primary component of DenUM's volunteer services area and offers volunteer opportunities for local volunteers to become involved in the life of Denver Urban Ministries. The "Urban Education" program also serves as a host for youth and adult groups from around the country who are seeking hands-on inner city service-learning experiences.

In September 1997 the Organization purchased property and a building to house all of its facilities and programs in one location in central downtown Denver, Colorado. Extensive renovations were made to the facility during the end of 1997 and into 1998. This centralization of facilities has furthered the Organization's goal of providing resources for economically challenged and ethnically transitional neighborhoods; thereby creating opportunities for self-sufficiency and community activism.

b. Financial statement presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, support and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and the changes therein are classified and reported as follows:

Unrestricted – Resources not subject to donor-imposed restrictions.

Temporarily restricted – Resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or the passage of time.

Permanently restricted – Resources subject to donor-imposed restrictions which require principal to remain invested while certain earnings can be released for other purposes.

c. Cash and cash equivalents

The Organization considers all demand deposits and highly liquid investments purchased with an original maturity of three months or less to be cash equivalents provided they are not restricted as to withdrawal.

## DENVER URBAN MINISTRIES

### Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

d. Property, plant and equipment

Expenditures for property, plant and equipment exceeding \$1,000 are capitalized at cost. Expenditures for maintenance, repairs and other renewals of items are charged to expense. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the results of operations.

The provision for depreciation is calculated using the straight-line method based upon estimated useful lives of three years for computers, forty years for buildings and improvements, and five years for furniture, equipment and vehicles. Depreciation expense for 2007 was \$10,976.

e. Donated food, clothing and supplies

The Organization receives numerous donations of food, clothing and other supplies that would have to be purchased if not received by donation. The market value of food and the "thrift" value of clothing and household items donated to the Organization's food and clothing bank, totaling \$191,691, are recorded herein under "Client Needs and Assistance - Food and Clothing Bank." The Organization also received \$27,300 of donated services (\$24,000 of legal services benefiting clients and \$3,300 of other services benefiting general management) which are recorded herein.

f. Revenue recognition

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period the contribution is received, the support is shown as unrestricted.

g. Accrued vacation payable

In accordance with the Financial Accounting Standards Board Statement No. 43, *Accounting for Compensated Absences*, the Organization accrues vacation leave when earned.

h. Functional expenses

Expenses directly identified with a functional area are charged to such area. If an expense affects more than one area, it is allocated by the time expended or another reasonable basis.

(Continued)

December 31, 2007

Note 1: Summary of Significant Accounting Policies (Continued)

i. Estimates

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

j. Tax status

The Internal Revenue Service has recognized the Organization since inception under Section 501(c)(3) of the Internal Revenue Code.

Note 2: Property, Plant and Equipment

A summary of property, plant and equipment at December 31, 2007 is as follows:

Land - 1717 East Colfax	\$ 79,283
Building - 1717 East Colfax	118,559
Building improvements	293,574
Office equipment and furniture	21,150
Van	<u>24,150</u>
	536,716
Less accumulated depreciation	<u>(143,282)</u>
	<u>\$393,434</u>

Note 3: Net Assets Released from Restrictions and Temporarily Restricted Net Assets

The Organization's 133,405 of temporarily restricted net assets represent donor restricted contributions that are available for the following purposes at December 31, 2007 (along with a summary of activity for the year):

<u>Purpose</u>	<u>Balance at Dec. 31, 2006</u>	<u>2007</u>		<u>Balance at Dec. 31, 2007</u>
		<u>Receipts</u>	<u>Expenditures</u>	
Energy Outreach Colorado -				
Utility Assistance Funds	\$ 94,500	\$149,205	\$(144,795)	\$ 98,910
Unexpended endowment gains	25,730	(7,381)	(5,104)	13,245
Denver's Road Home -				
Homeless Prevention Funds	--	34,000	(12,750)	21,250
Foundation grants for next year	<u>2,965</u>	<u>--</u>	<u>(2,965)</u>	<u>--</u>
	<u>\$123,195</u>	<u>\$175,824</u>	<u>\$(165,614)</u>	<u>\$133,405</u>

Note 4: Endowment Fund

The Organization's \$110,253 of permanently restricted net assets represents a gift of stock received during 2000 with an original basis of \$104,380. An additional contribution of \$5,873 was received in 2006. This principal of \$110,253 is to be maintained in perpetuity while a portion of the annual income generated by the asset may be used for program needs as approved by the Board of Directors. Unspent gains of \$13,245 at December 31, 2007 are reflected as temporarily restricted net assets. (See Note 3)