

**CENTER FOR URBAN FAMILIES, INC.**

**Consolidated Financial Statements and  
Supplemental Schedules  
Together with Reports of Independent Public Accountants**

**For the Years Ended December 31, 2020 and 2019**



**SB & COMPANY, LLC**  
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**DECEMBER 31, 2020 AND 2019**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

Board of Directors  
Center for Urban Families, Inc.  
Baltimore, MD

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the statements of financial position of Center for Urban Families, Inc. (the Center), as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 audit opinion.

#### ***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 the Center's ability to continue as a going concern for one year after the date that the financial statements are issued.



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***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 GAAS 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 GAAS, 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 the Center'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 the Center's ability to continue as a going concern for a reasonable period of time.

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.

Owings Mills, Maryland  
August 31, 2022

*SB & Company, LLC*

**CENTER FOR URBAN FAMILIES, INC.**

**Consolidated Statements of Financial Position  
As of December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,588,637	\$ 1,278,455
Grants and contributions receivable, net	443,018	416,086
Pledges receivable, net	907,195	986,230
Prepaid expenses and other assets	13,249	55,109
Property and equipment, net	3,927,195	4,077,158
<b>Total Assets</b>	<u>\$ 7,879,294</u>	<u>\$ 6,813,038</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 386,801	\$ 326,813
Deferred revenue	21,149	31,149
Notes payable	647,575	161,621
<b>Total Liabilities</b>	<u>1,055,525</u>	<u>519,583</u>
<b>Net assets</b>		
Without donor restrictions	4,933,201	5,123,923
With donor restrictions	1,890,568	1,169,532
<b>Total Net Assets</b>	<u>6,823,769</u>	<u>6,293,455</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 7,879,294</u>	<u>\$ 6,813,038</u>

The accompanying notes are an integral part of these consolidated financial statements.

**CENTER FOR URBAN FAMILIES, INC.**

**Consolidated Statements of Activities and Changes in Net Assets  
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Revenue and Support</b>		
Federal grant	\$ 442,041	\$ 898,858
Other grants	2,025,106	1,349,199
Contributions	1,143,740	1,108,239
Other income	1,089	(508)
<b>Total Revenue</b>	<b>3,611,976</b>	<b>3,355,788</b>
Net assets released from restrictions	548,057	1,432,792
<b>Total Revenue and Support</b>	<b>4,160,033</b>	<b>4,788,580</b>
<b>Expenses</b>		
Program services:		
Workforce development	1,121,597	1,153,719
Training and technical assistance	407,171	345,387
Responsible fatherhood	753,034	829,565
Families	252,551	232,238
Family stability and economic success services	731,168	633,006
<b>Total program services</b>	<b>3,265,521</b>	<b>3,193,914</b>
Support services:		
Management and general	227,754	550,267
Research and evaluation	128,975	293,135
Development	728,505	611,035
<b>Total Support Services</b>	<b>1,085,234</b>	<b>1,454,438</b>
<b>Total Expenses</b>	<b>4,350,755</b>	<b>4,648,351</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(190,722)</b>	<b>140,229</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Grants	1,269,093	1,147,503
Satisfaction of restrictions	(548,057)	(1,432,792)
<b>Change in Net Assets With Donor Restrictions</b>	<b>721,036</b>	<b>(285,289)</b>
Changes in net assets	530,314	(145,060)
Net assets, beginning of year	6,293,455	6,438,515
<b>Net Assets, End of Year</b>	<b>\$ 6,823,769</b>	<b>\$ 6,293,455</b>

The accompanying notes are an integral part of these consolidated financial statements.

**CENTER FOR URBAN FAMILIES, INC.**

**Consolidated Statements of Functional Expenses  
For the Year Ended December 31, 2020, with Comparative Totals for 2019**

	2020												2019 Total
	Program Services					Support Services							
	Workforce Development	Training and Technical Assistance	Responsible Fatherhood	Families	Family Stability and Economic Success Services	Total Program Services	Management and General	Research & Evaluation	Development (including special event)	Total Support Services	Total		
Salaries	\$ 645,180	\$ 125,348	\$ 449,447	\$ 152,808	\$ 296,395	\$ 1,669,178	\$ 88,288	\$ 104,230	\$ 349,030	\$ 541,548	\$ 2,210,726	\$ 2,242,246	
Fringe benefits	152,645	25,549	87,772	3,784	22,768	292,518	15,519	11,389	90,288	117,196	409,714	695,437	
Advertising	216	78	145	48	(8)	479	349	24	6,566	6,939	7,418	26,050	
Client support	40,742	12,881	7,250	4,194	179,359	244,426	577	71	4,168	4,816	249,242	257,472	
Depreciation and amortization	52,588	17,448	54,593	1,945	50,219	176,793	7,976	993	34,304	43,273	220,066	212,397	
Equipment rental and maintenance	20,668	6,881	21,175	908	19,505	69,137	3,726	464	13,479	17,669	86,806	-	
Insurance	9,558	3,173	9,898	366	9,107	32,102	1,502	187	6,234	7,923	40,025	31,205	
Interest expense	1,730	599	1,494	219	1,402	5,444	898	111	1,126	2,135	7,579	14,351	
Company meetings and conferences	1,480	353	737	186	1,537	4,293	763	95	1,364	2,222	6,515	40,632	
Miscellaneous	577	209	387	129	376	1,678	32,913	66	408	33,387	35,065	13,337	
Other contribution expenses	33,413	18,640	2,720	25,485	2,579	82,837	1,990	582	8,178	10,750	93,587	41,403	
Office supplies	4,874	2,688	3,964	557	6,527	18,610	2,287	284	4,923	7,494	26,104	63,703	
Facility expenses	20,543	3,573	10,068	840	9,777	44,801	3,446	429	6,870	10,745	55,546	188,500	
Professional services	62,115	167,393	36,487	57,655	51,172	374,822	31,395	8,079	115,686	155,160	529,982	377,817	
Pass-thru & subgrants	2	113	1	-	1	117	2	-	1	3	120	-	
Taxes and fees	2,023	729	1,421	423	1,370	5,966	1,736	216	1,714	3,666	9,632	7,800	
Technology	46,048	12,942	37,046	2,341	39,648	138,025	9,603	1,373	59,624	70,600	208,625	256,592	
Telephone and telecommunications	14,803	4,649	16,333	7	14,558	50,350	29	48	9,517	9,594	59,944	68,511	
Bad debt	-	-	-	-	-	-	22,065	-	5,125	27,190	27,190	14,595	
Travel and training	3,140	859	2,452	334	16,008	22,793	1,370	170	3,865	5,405	28,198	44,335	
Utilities	9,252	3,066	9,644	322	8,868	31,152	1,320	164	6,035	7,519	38,671	51,970	
<b>Total</b>	<b>\$ 1,121,597</b>	<b>\$ 407,171</b>	<b>\$ 753,034</b>	<b>\$ 252,551</b>	<b>\$ 731,168</b>	<b>\$ 3,265,521</b>	<b>\$ 227,754</b>	<b>\$ 128,975</b>	<b>\$ 728,505</b>	<b>\$ 1,085,234</b>	<b>\$ 4,350,755</b>	<b>\$ 4,648,352</b>	

The accompanying notes are an integral part of this consolidated financial statement.

**CENTER FOR URBAN FAMILIES, INC.**

**Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2019**

	Program Services					Support Services			Total Support Services	Total	
	Workforce Development	Training and Technical Assistance	Responsible Fatherhood	Families	Family Stability and Economic Success Services	Total Program Services	Management and General	Research & Evaluation			Development (including special event)
Salaries	\$ 630,066	\$ 196,136	\$ 477,045	\$ 74,131	\$ 276,877	\$ 1,654,255	\$ 123,617	\$ 123,727	\$ 340,647	\$ 587,991	\$ 2,242,246
Fringe benefits	172,964	60,988	127,919	14,927	69,136	445,933	110,289	39,280	99,935	249,504	695,437
Advertising	4,154	1,250	90	-	1,080	6,574	3,304	-	16,172	19,476	26,050
Client support	106,752	3,944	34,776	37,195	64,588	247,255	7,098	173	2,945	10,216	257,472
Depreciation and amortization	49,080	6,577	41,287	24,855	35,795	157,594	25,239	7,706	21,858	54,803	212,397
Insurance	6,943	930	5,841	3,516	5,064	22,294	4,728	1,090	3,093	8,911	31,205
Interest expense	1,201	161	1,010	608	876	3,855	9,773	189	535	10,496	14,351
Company meetings and conferences	4,186	10,392	354	338	2,980	18,250	14,343	375	7,664	22,382	40,632
Miscellaneous	-	53	-	-	50	103	13,180	55	-	13,235	13,337
Other contribution expenses	22,020	345	946	523	1,001	24,836	5,882	1,094	9,590	16,567	41,403
Office supplies	8,387	1,937	7,346	4,147	10,950	32,767	21,888	1,770	7,278	30,936	63,703
Facility expenses	38,337	5,138	32,200	19,414	30,033	125,121	37,560	6,019	19,799	63,379	188,500
Professional services	33,274	42,977	32,921	17,064	75,342	201,578	57,007	96,424	22,808	176,239	377,817
Taxes and fees	560	24	148	89	128	948	4,847	28	1,978	6,852	7,800
Technology	45,317	4,225	37,354	23,839	35,784	146,520	61,560	8,406	40,106	110,072	256,592
Telephone and telecommunications	14,697	1,442	12,163	5,381	8,822	42,505	19,600	1,751	4,655	26,006	68,511
Bad debt	-	-	-	-	-	-	10,595	-	4,000	14,595	14,595
Travel and training	3,519	7,226	7,853	2	5,559	24,158	14,542	3,123	2,511	20,176	44,335
Utilities	12,261	1,643	10,314	6,209	8,942	39,369	5,216	1,925	5,461	12,601	51,970
<b>Total</b>	<b>\$ 1,153,719</b>	<b>\$ 345,387</b>	<b>\$ 829,565</b>	<b>\$ 232,238</b>	<b>\$ 633,006</b>	<b>\$ 3,193,914</b>	<b>\$ 550,267</b>	<b>\$ 293,135</b>	<b>\$ 611,035</b>	<b>\$ 1,454,438</b>	<b>\$ 4,648,352</b>

The accompanying notes are an integral part of this consolidated financial statement.



**CENTER FOR URBAN FAMILIES, INC.**

**Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 530,314	\$ (145,060)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	220,066	212,397
Effect of changes in non-cash operating assets and liabilities:		
Grants and contributions receivable, net	(26,932)	257,271
Pledges receivable, net	79,035	(82,938)
Prepaid expenses and other assets	41,860	1,483
Accounts payable and accrued expenses	59,988	(155,323)
Deferred revenue	(10,000)	(54,124)
<b>Net Cash Flow from Operating Activities</b>	<u>894,331</u>	<u>33,706</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	<u>(70,103)</u>	<u>(44,653)</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Payroll Protection Program loan	530,500	-
Payments on note payable	<u>(44,546)</u>	<u>(40,518)</u>
<b>Net Cash Flow from Financing Activities</b>	<u>485,954</u>	<u>(40,518)</u>
Changes in cash and cash equivalents	1,310,182	(51,465)
Cash and cash equivalents, beginning of year	<u>1,278,455</u>	<u>1,329,920</u>
<b>Cash and cash equivalents, End of Year</b>	<u>\$ 2,588,637</u>	<u>\$ 1,278,455</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	<u>\$ 7,584</u>	<u>\$ 14,351</u>

The accompanying notes are an integral part of this consolidated financial statement.

## **CENTER FOR URBAN FAMILIES, INC.**

### **Notes to the Consolidated Financial Statements December 31, 2020 and 2019**

#### **1. DESCRIPTION OF ORGANIZATION**

The Center for Urban Families, Inc. (CFUF) is a not-for-profit organization incorporated in the State of Maryland in January 1999. CFUF's mission is to improve the involvement of fathers in the lives of their children and enhance the relationship between mothers and fathers as it relates to the welfare of their children. This mission is achieved by offering various programs, the cornerstone of which is the STRIVE Baltimore program. These programs provide training, technical assistance and workforce development skills to both men and women who are Baltimore City residents.

Center for Urban Families Fund, Inc. (the Fund) is a not-for-profit organization incorporated in the State of Maryland in 2008. The Fund's main purpose is to support CFUF's capital campaign for the construction and maintenance of the 2201 Monroe Street, Baltimore, Maryland property. The Fund is a subsidiary of CFUF, thus they are consolidated in the accompanying consolidated financial statements.

Effective December 31, 2018, CFUF transferred its 39% interest in the minority-owned entity, Green JobWorks, LLC (Green JobWorks) to the majority owner. In addition, CFUF entered into a Charitable Donation Agreement with Green JobWorks. Green JobWorks will support the mission of CFUF by donating an agreed upon percentage of its net profits (as defined within the agreement) annually beginning in 2020 and ending in 2029, unless the agreement is terminated earlier by CFUF.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Basis of Accounting**

The accompanying consolidated financial statements include CFUF and the Fund (together, the Center). The accompanying consolidated financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All intercompany transactions have been eliminated.

##### **Use of Estimates**

The preparation of consolidated 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 and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## CENTER FOR URBAN FAMILIES, INC.

### Notes to the Consolidated Financial Statements December 31, 2020 and 2019

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Liquidity

The Center receives contributions from donors which may or may not be restricted for specific purposes. Financial assets of the Center are primarily comprised of cash and grants and pledges receivable from donors. The Center also has access to a \$375,000 line of credit with PNC Bank to be used solely to fund receivables that are the result of grants and other contractual payments that are due to the Center.

The Center structures its financial assets to be available as general expenditures and other obligations come due. To achieve this, the Center forecasts its future cash flows and monitors its liquidity on a monthly basis. Management and the Board have been monitoring the Center's cash balances to ensure that there is at least 3 months of working capital available throughout the year.

The following table summarizes the Center's financial assets available, that is without donor or other restrictions limiting their use, for grant obligations and general expenditure within one year of the balance sheet date:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,588,637	\$ 1,278,455
Grants and contributions receivable, net	443,018	416,086
Pledges receivable, net	907,195	986,230
Available financial assets	<u>3,938,850</u>	<u>2,680,771</u>
Less financial assets unavailable for expenditures due to:		
Restricted by donor with purpose restrictions	1,890,568	1,169,532
Pledges receivable due in greater than 1 year	-	-
Financial assets unavailable for expenditure	<u>1,890,568</u>	<u>1,169,532</u>
Net available financial assets	<u>\$ 2,048,282</u>	<u>\$ 1,511,239</u>

##### Grants and Contributions Receivable

Grants and contributions receivable consisted of grants and contributions that were earned but not yet received at year-end. The allowance for doubtful accounts is based on specific identification of uncollectable accounts and the Center's historical collection experience. The allowance was \$27,190, for the year ended December 31, 2020. Management believed all receivables were fully collectible as of December 31, 2019; therefore, no allowance for doubtful accounts was recorded.

## **CENTER FOR URBAN FAMILIES, INC.**

### **Notes to the Consolidated Financial Statements December 31, 2020 and 2019**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Pledges Receivable**

Pledges receivable consisted of contributions that have been pledged for current year and future support, but not yet received at year-end. Receivables are valued at management's estimate of the amount that will ultimately be collected and discounted for amounts due in greater than one year. The allowance for doubtful accounts is based on specific identification of uncollectable accounts and the Center's historical collection experience. The allowance was \$63,755 and \$46,631, for the years ended December 31, 2020 and 2019, respectively.

##### **Property and Equipment**

Property and equipment in excess of \$1,000 and an estimated useful life of more than a year, are capitalized and recorded at cost if purchased, or estimated fair market value as of the date of gift, if donated. The carrying value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line depreciation method. Expenditures for major repairs and maintenance costs are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

##### **Net Assets**

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by the Center has been restricted by donors, primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions. As of December 31, 2020 and 2019, there was \$1,890,568 and \$1,169,532, respectively, in net assets with donor restrictions for a specific time period or purpose.

## **CENTER FOR URBAN FAMILIES, INC.**

### **Notes to the Consolidated Financial Statements December 31, 2020 and 2019**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Support and Revenue**

The Center has government contracts and grants for which it recognizes revenue when eligible expenses are incurred.

Contributions received are recorded as with or without restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions.

Unconditional promises to give are recognized as revenue or gain in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Pledges made to the Center for future contributions are recorded as a receivable and as revenue at the present value of such future payments. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Any funds received in advance are recorded as deferred revenue in the accompanying consolidated statements of financial position and are recognized when the conditions on which they depend are substantially met.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restriction.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function or program but provide for the overall support and direction of the Center. All direct costs are specifically identified and charged to the associated program or event. Personnel costs are allocated based on time and effort. Indirect costs or shared costs are generally allocated based upon each program's pro-rata share of the aggregate direct cost of the organization.

##### **Advertising Costs**

Advertising costs are charged to operations when incurred. The Center had no significant direct-response advertising. Advertising expense for the years ended December 31, 2020 and 2019, was \$7,269 and \$26,050, respectively.

## CENTER FOR URBAN FAMILIES, INC.

### Notes to the Consolidated Financial Statements December 31, 2020 and 2019

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Income Taxes

CFUF and the Fund are not-for-profit organizations exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are recognized as such by the Internal Revenue Service.

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Center performed an evaluation of uncertain tax positions as of December 31, 2020 and 2019, and determined that there were no matters that would require recognition in the consolidated financial statements or, which may have any effect on its tax-exempt status. As of December 31, 2020, the statute of limitations for fiscal years 2017 through 2020 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the Center files tax returns. It is the Center's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

##### Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require the Center to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. This standard will be effective for periods beginning after December 15, 2021.

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments — Credit Losses: Measurement of Credit Losses on Financial Instruments*, that provides updated guidance on the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard is effective for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard will require the presentation of contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash or other financial assets. This standard will be effective for periods beginning after June 15, 2021, and interim periods within periods beginning after June 15, 2022.

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

## CENTER FOR URBAN FAMILIES, INC.

### Notes to the Consolidated Financial Statements December 31, 2020 and 2019

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Subsequent Events

The Center has evaluated the accompanying consolidated financial statements for subsequent events and transactions through August 31, 2022, the date these consolidated financial statements were available for issue and have determined that no material subsequent events have occurred.

#### 3. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Pledges receivable	\$ 943,760	\$ 1,032,861
Less: allowance	36,565	46,631
<b>Pledges receivable, net</b>	<u>\$ 907,195</u>	<u>\$ 986,230</u>

#### 4. PROPERTY AND EQUIPMENT

As of December 31, 2020 and 2019, property and equipment consisted of the following:

	<u>2020</u>	<u>2019</u>	<u>Useful Lives</u>
Land	\$ 778,864	\$ 778,864	N/A
Vehicles	110,022	110,022	5 years
Building	5,248,669	5,206,630	27 years
Computer equipment	331,561	303,497	3-7 years
Furniture and equipment	173,685	173,685	5-7 years
<b>Total</b>	<u>6,642,801</u>	<u>6,572,698</u>	
Less: accumulated depreciation	2,715,606	2,495,540	
<b>Property and Equipment, Net</b>	<u>\$ 3,927,195</u>	<u>\$ 4,077,158</u>	

Depreciation expense was \$220,066 and \$212,397, for the years ended December 31, 2020 and 2019, respectively.

## CENTER FOR URBAN FAMILIES, INC.

### Notes to the Consolidated Financial Statements December 31, 2020 and 2019

#### 5. DEBT

In May 2018, the Center entered into a loan agreement for a 5-year term loan of \$225,000 which expires May 22, 2023, and a line of credit that allows for borrowing up to \$375,000 which expires May 22, 2022. The note has a fixed rate equal to 5.83% per annum. Principal and interest are due monthly. The interest rate on the line of credit is equal to the prime rate. Outstanding balances on this line of credit are secured by all assets of the Center. Interest expense was \$7,584 and \$14,351 for the years ended December 31, 2020 and 2019, respectively, and the outstanding balance on the term loan was \$117,075 and \$161,621 as of December 31, 2020 and 2019, respectively. There was no outstanding balance on the line of credit as of December 31, 2020 and 2019.

As of December 31, 2020, the note matures as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2021	\$ 46,425
2022	49,246
2023	21,404
<b>Total</b>	<b>\$ 117,075</b>

During the year December 31, 2020, the Center received a Paycheck Protection Program (PPP) loan in the amount of \$530,500. The PPP loan was received from the U.S. Federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress. The terms of the loan require the proceeds to be spent on eligible expenses, which are primarily payroll related costs. Part or all of the loan may be forgiven based on meeting certain conditions as set forth in the loan agreement. Any portion of the PPP loan that is not forgiven must be repaid over two years after a six-month deferral period at an interest rate of 1%.

As of December 31, 2020, the Center had not filed the application or had the loan forgiveness approved for its PPP loan. As such, as of December 31, 2020, the Center has recorded the loan as a liability in the accompanying consolidated financial statements. Additionally, subsequent to year-end, the Center received a second PPP loan in the amount of \$470,647.



## CENTER FOR URBAN FAMILIES, INC.

### Notes to the Consolidated Financial Statements December 31, 2020 and 2019

#### 6. NET ASSETS WITH DONOR RESTRICTIONS

The Center has net assets with donor restrictions that were provided for a specific time period or purpose. Net assets with donor restrictions consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Workforce development	\$ 68,386	\$ 52,689
Boost	515,313	695,000
Client and alumni services	927	57,135
Training & technical assistance	145,438	153,994
ALL IN / Family stability & economic success	1,000,268	-
Other	160,236	210,714
<b>Net Assets With Donor Restrictions</b>	<b><u>\$ 1,890,568</u></b>	<b><u>\$ 1,169,532</u></b>

#### 7. COMMITMENTS AND CONTINGENCIES

##### Grants

Reimbursed costs under the Center's government awards are subject to final determination of allowability by the government agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

#### 8. RETIREMENT PLAN

The Center offers its employees who have been employed for one year or more, a Retirement Tax Deferred Annuity Plan. This plan is a Simple IRA plan. The Center contributes to the pension plan, on behalf of the eligible employees, an amount up to 3% of the employees' salaries. For the years ended December 31, 2020 and 2019, the Center contributed \$54,985 and \$65,036, respectively.