

CENTER FOR URBAN FAMILIES, INC.

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

For the Years Ended December 31, 2021 and 2020



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

DECEMBER 31, 2021 AND 2020

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Opinion

We have audited the consolidated statements of financial position of the Center for Urban Families, Inc. and its subsidiary (the Center), as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years 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 Consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements are available to be 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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
January 31, 2023

SB & Company, LLC

CENTER FOR URBAN FAMILIES, INC.

**Consolidated Statements of Financial Position
As of December 31, 2021 and 2020**

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 3,545,354 | \$ 2,588,637 |
| Grants and contributions receivable, net | 181,095 | 443,018 |
| Pledges receivable, net | 2,911,574 | 907,195 |
| Prepaid expenses and other assets | 58,493 | 13,249 |
| Property and equipment, net | 3,722,548 | 3,927,195 |
| Total Assets | \$ 10,419,064 | \$ 7,879,294 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued expenses | \$ 292,027 | \$ 386,801 |
| Deferred revenue | 11,149 | 21,149 |
| Notes payable | 541,299 | 647,575 |
| Total Liabilities | 844,475 | 1,055,525 |
| Net assets | | |
| Without donor restrictions | 5,471,961 | 4,933,201 |
| With donor restrictions | 4,102,628 | 1,890,568 |
| Total Net Assets | 9,574,589 | 6,823,769 |
| Total Liabilities and Net Assets | \$ 10,419,064 | \$ 7,879,294 |

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, 2021 and 2020**

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS | | |
| Revenue and Support | | |
| Federal grant | \$ - | \$ 442,041 |
| Federal grant - Payroll Protection Program funds | 530,500 | - |
| Other Grants | 2,148,467 | 2,025,106 |
| Contributions | 1,159,830 | 1,143,740 |
| Other income | 94 | 1,089 |
| Total Revenue | 3,838,891 | 3,611,976 |
| Net assets released from restrictions | 1,172,504 | 548,057 |
| Total Revenue and Support | 5,011,395 | 4,160,033 |
| Expenses | | |
| Program services: | | |
| Workforce development | - | 1,121,597 |
| Training and technical assistance | 255,250 | 407,171 |
| Responsible fatherhood | - | 753,034 |
| Families | 391,779 | 252,551 |
| Family stability and economic success services | 1,746,969 | 731,168 |
| Total program services | 2,393,998 | 3,265,521 |
| Support services: | | |
| Management and general | 1,285,027 | 227,754 |
| Research and evaluation | 87,951 | 128,975 |
| Development | 705,659 | 728,505 |
| Total Support Services | 2,078,637 | 1,085,234 |
| Total Expenses | 4,472,635 | 4,350,755 |
| Change in Net Assets Without Donor Restrictions | 538,760 | (190,722) |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS | | |
| Grants | 3,384,564 | 1,269,093 |
| Satisfaction of restrictions | (1,172,504) | (548,057) |
| Change in Net Assets With Donor Restrictions | 2,212,060 | 721,036 |
| Changes in net assets | 2,750,820 | 530,314 |
| Net assets, beginning of year | 6,823,769 | 6,293,455 |
| Net Assets, End of Year | \$ 9,574,589 | \$ 6,823,769 |

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, 2021, with Comparative Totals for 2020**

| | | | | Support Services | | | | | | | 2020 Total |
|----------------------------------|---|-------------------|--|------------------------------|---------------------------|--------------------------|---|------------------------------|---------------------|---------------------|---------------|
| | Training and Technical Assistance | Families | Family Stability and Economic Success Services | Total Program Services | Management and General | Research & Evaluation | Development (including special event) | Total Support Services | Total | | |
| Salaries | \$ 76,906 | \$ 145,455 | \$ 938,951 | \$ 1,161,312 | \$ 484,779 | \$ 61,008 | \$ 322,848 | \$ 868,635 | \$ 2,029,947 | \$ 2,210,726 | |
| Fringe benefits | 5,992 | 7,765 | 75,919 | 89,676 | 396,397 | 4,735 | 25,152 | 426,284 | 515,960 | 409,706 | |
| Advertising | - | - | 43 | 43 | 2,758 | - | 28,659 | 31,417 | 31,460 | 7,426 | |
| Client support | 748 | 11,743 | 134,925 | 147,416 | 3,536 | - | - | 3,536 | 150,952 | 249,242 | |
| Depreciation and amortization | 12,891 | 19,786 | 88,228 | 120,905 | 67,979 | 4,442 | 35,639 | 108,060 | 228,965 | 220,066 | |
| Equipment rental and maintenance | 5,500 | 8,443 | 37,645 | 51,588 | 29,006 | 1,895 | 15,205 | 46,106 | 97,694 | 86,806 | |
| Insurance | 908 | 1,394 | 6,217 | 8,519 | 4,790 | 313 | 2,511 | 7,614 | 16,133 | 40,025 | |
| Interest expense | 320 | 490 | 2,187 | 2,997 | 1,686 | 110 | 883 | 2,679 | 5,676 | 7,579 | |
| Company meetings and conferences | 490 | 704 | 3,455 | 4,649 | 2,251 | 147 | 1,224 | 3,622 | 8,271 | 6,515 | |
| Miscellaneous | 163 | 250 | 2,945 | 3,358 | 858 | 56 | 1,734 | 2,648 | 6,006 | 35,065 | |
| Other contribution expenses | (1,583) | 1,458 | 28,192 | 28,067 | 4,837 | 316 | 16,706 | 21,859 | 49,926 | 93,587 | |
| Office supplies | 1,430 | 2,195 | 17,989 | 21,614 | 7,542 | 604 | 4,684 | 12,830 | 34,444 | 26,104 | |
| Facility expenses | 2,462 | 3,779 | 17,151 | 23,392 | 12,984 | 848 | 6,807 | 20,639 | 44,031 | 55,546 | |
| Professional services | 131,926 | 163,964 | 257,143 | 553,033 | 61,405 | 7,998 | 181,164 | 250,567 | 803,600 | 529,982 | |
| Pass-thru & subgrants | - | - | - | - | - | - | - | - | - | 120 | |
| Taxes and fees | 496 | 761 | 3,394 | 4,651 | 2,615 | 171 | 1,412 | 4,198 | 8,849 | 9,632 | |
| Technology | 8,681 | 11,436 | 73,455 | 93,572 | 39,290 | 2,579 | 31,567 | 73,436 | 167,008 | 208,625 | |
| Telephone and telecommunications | 4,206 | 6,456 | 28,790 | 39,452 | 22,182 | 1,449 | 11,629 | 35,260 | 74,712 | 59,944 | |
| Bad debt | - | - | - | - | 107,411 | - | - | 107,411 | 107,411 | 27,190 | |
| Travel and training | - | - | 4,921 | 4,921 | 13,137 | - | 7,567 | 20,704 | 25,625 | 28,198 | |
| Utilities | 3,714 | 5,700 | 25,419 | 34,833 | 19,584 | 1,280 | 10,268 | 31,132 | 65,965 | 38,671 | |
| Total | \$ 255,250 | \$ 391,779 | \$ 1,746,969 | \$ 2,393,998 | \$ 1,285,027 | \$ 87,951 | \$ 705,659 | \$ 2,078,637 | \$ 4,472,635 | \$ 4,350,755 | |

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, 2020**

| | 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 | \$ 645,180 | \$ 125,348 | \$ 449,447 | \$ 152,808 | \$ 296,395 | \$ 1,669,178 | \$ 88,288 | \$ 104,230 | \$ 349,030 | \$ 541,548 | \$ 2,210,726 |
| Fringe benefits | 152,645 | 25,549 | 87,772 | 3,784 | 22,760 | 292,510 | 15,519 | 11,389 | 90,288 | 117,196 | 409,706 |
| Advertising | 216 | 78 | 145 | 48 | - | 487 | 349 | 24 | 6,566 | 6,939 | 7,426 |
| Client support | 40,742 | 12,881 | 7,250 | 4,194 | 179,359 | 244,426 | 577 | 71 | 4,168 | 4,816 | 249,242 |
| Depreciation and amortization | 52,588 | 17,448 | 54,593 | 1,945 | 50,219 | 176,793 | 7,976 | 993 | 34,304 | 43,273 | 220,066 |
| 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 |
| Interest expense | 1,730 | 599 | 1,494 | 219 | 1,402 | 5,444 | 898 | 111 | 1,126 | 2,135 | 7,579 |
| Company meetings and conferences | 1,480 | 353 | 737 | 186 | 1,537 | 4,293 | 763 | 95 | 1,364 | 2,222 | 6,515 |
| Miscellaneous | 577 | 209 | 387 | 129 | 376 | 1,678 | 32,913 | 66 | 408 | 33,387 | 35,065 |
| Other contribution expenses | 33,413 | 18,640 | 2,720 | 25,485 | 2,579 | 82,837 | 1,990 | 582 | 8,178 | 10,750 | 93,587 |
| Office supplies | 4,874 | 2,688 | 3,964 | 557 | 6,527 | 18,610 | 2,287 | 284 | 4,923 | 7,494 | 26,104 |
| Facility expenses | 20,543 | 3,573 | 10,068 | 840 | 9,777 | 44,801 | 3,446 | 429 | 6,870 | 10,745 | 55,546 |
| Professional services | 62,115 | 167,393 | 36,487 | 57,655 | 51,172 | 374,822 | 31,395 | 8,079 | 115,686 | 155,160 | 529,982 |
| 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 |
| Technology | 46,048 | 12,942 | 37,046 | 2,341 | 39,648 | 138,025 | 9,603 | 1,373 | 59,624 | 70,600 | 208,625 |
| Telephone and telecommunications | 14,803 | 4,649 | 16,333 | 7 | 14,558 | 50,350 | 29 | 48 | 9,517 | 9,594 | 59,944 |
| Bad debt | - | - | - | - | - | - | 22,065 | - | 5,125 | 27,190 | 27,190 |
| Travel and training | 3,140 | 859 | 2,452 | 334 | 16,008 | 22,793 | 1,370 | 170 | 3,865 | 5,405 | 28,198 |
| Utilities | 9,252 | 3,066 | 9,644 | 322 | 8,868 | 31,152 | 1,320 | 164 | 6,035 | 7,519 | 38,671 |
| Total | \$ 1,121,597 | \$ 407,171 | \$ 753,034 | \$ 252,551 | \$ 731,168 | \$ 3,265,521 | \$ 227,754 | \$ 128,975 | \$ 728,505 | \$ 1,085,234 | \$ 4,350,755 |

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

CENTER FOR URBAN FAMILIES, INC.

**Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020**

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Cash Flows from Operating Activities | | |
| Changes in net assets | \$ 2,750,820 | \$ 530,314 |
| Adjustments to reconcile changes in net assets to net cash from operating activities: | | |
| Depreciation and amortization | 228,965 | 220,066 |
| Payroll Protection Program loan forgiveness | (530,500) | - |
| Effect of changes in non-cash operating assets and liabilities: | | |
| Grants and contributions receivable, net | 261,923 | (26,932) |
| Pledges receivable, net | (2,004,379) | 79,035 |
| Prepaid expenses and other assets | (45,244) | 41,860 |
| Accounts payable and accrued expenses | (94,774) | 59,988 |
| Deferred revenue | (10,000) | (10,000) |
| Net Cash Flow from Operating Activities | <u>556,811</u> | <u>894,331</u> |
| Cash Flows from Investing Activities | | |
| Purchase of property and equipment | <u>(24,318)</u> | <u>(70,103)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from Payroll Protection Program loan | 470,647 | 530,500 |
| Payments on note payable | (46,423) | (44,546) |
| Net Cash Flow from Financing Activities | <u>424,224</u> | <u>485,954</u> |
| Changes in cash and cash equivalents | 956,717 | 1,310,182 |
| Cash and cash equivalents, beginning of year | <u>2,588,637</u> | <u>1,278,455</u> |
| Cash and cash equivalents, End of Year | <u>\$ 3,545,354</u> | <u>\$ 2,588,637</u> |
| Supplemental Cash Flow Information | | |
| Cash paid for interest | <u>\$ 5,676</u> | <u>\$ 7,584</u> |

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

CENTER FOR URBAN FAMILIES, INC.

Notes to the Consolidated Financial Statements December 31, 2021 and 2020

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, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Contributions Receivable, Net

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 \$107,410 and \$27,190, for the years ended December 31, 2021 and 2020, respectively.

Pledges Receivable, Net

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. Amounts are discounted using a risk-free rate of interest which was 2.5% as of December 31, 2021. The allowance for doubtful accounts is based on specific identification of uncollectable accounts and the Center's historical collection experience. The allowance was \$2,500 and \$36,565, for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, there was \$2,600,373 and \$1,890,568, 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, 2021 and 2020

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 consolidated statements of activities and changes in net assets and consolidated 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.

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, 2021 and 2020, was \$31,460 and \$7,418, respectively.

CENTER FOR URBAN FAMILIES, INC.

Notes to the Consolidated Financial Statements December 31, 2021 and 2020

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, of which \$375,000 is available as of December 31, 2021.

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 as of December 31, 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>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Cash and cash equivalents | \$ 3,545,354 | \$ 2,588,637 |
| Grants and contributions receivable, net | 181,095 | 443,018 |
| Pledges receivable, net | <u>2,911,574</u> | <u>907,195</u> |
| Available financial assets | <u>6,638,023</u> | <u>3,938,850</u> |
| Less financial assets unavailable for expenditures due to: | | |
| Restricted by donor with purpose restrictions | 4,102,628 | 1,890,568 |
| Pledges receivable due in greater than 1 year | <u>1,482,255</u> | - |
| Financial assets unavailable for expenditure | <u>5,584,883</u> | <u>1,890,568</u> |
| Net available financial assets | <u>\$ 1,053,140</u> | <u>\$ 2,048,282</u> |

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.

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, 2021 and 2020, and determined that there were no matters

CENTER FOR URBAN FAMILIES, INC.

Notes to the Consolidated Financial Statements December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes (continued)

that would require recognition in the consolidated financial statements or, which may have any effect on its tax-exempt status.

As of December 31, 2021, the statute of limitations for fiscal years 2018 through 2021 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 consolidated financial statements.

Subsequent Events

The Center has evaluated the accompanying consolidated financial statements for subsequent events and transactions through January 31, 2023, the date these consolidated financial statements were available for issue and have determined that no material subsequent events have occurred.

CENTER FOR URBAN FAMILIES, INC.

Notes to the Consolidated Financial Statements December 31, 2021 and 2020

3. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2021 and 2020, consisted of the following:

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|---------------------|-------------------|
| Pledges receivable | \$ 2,950,368 | \$ 943,760 |
| Less: discount | 36,294 | - |
| Less: allowance | 2,500 | 36,565 |
| Pledges receivable, net | \$ 2,911,574 | \$ 907,195 |
| Amounts due in: | | |
| Less than one year | \$ 1,468,113 | \$ 943,760 |
| One to five years | 1,482,255 | - |
| Total | \$ 2,950,368 | \$ 943,760 |

4. PROPERTY AND EQUIPMENT

As of December 31, 2021 and 2020, property and equipment consisted of the following:

| | <u>2021</u> | <u>2020</u> | <u>Useful Lives</u> |
|------------------------------------|---------------------|---------------------|---------------------|
| Land | \$ 778,864 | \$ 778,864 | N/A |
| Vehicles | 110,022 | 110,022 | 5 years |
| Building | 5,253,523 | 5,248,669 | 27 years |
| Computer equipment | 351,025 | 331,561 | 3-7 years |
| Furniture and equipment | 173,684 | 173,684 | 5-7 years |
| Total | 6,667,118 | 6,642,800 | |
| Less: accumulated depreciation | 2,944,570 | 2,715,605 | |
| Property and Equipment, Net | \$ 3,722,548 | \$ 3,927,195 | |

Depreciation expense was \$228,965 and \$220,066, for the years ended December 31, 2021 and 2020, respectively.

CENTER FOR URBAN FAMILIES, INC.

Notes to the Consolidated Financial Statements December 31, 2021 and 2020

5. NOTES PAYABLE

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, 2023. 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 \$5,676 and \$7,584 for the years ended December 31, 2021 and 2020, respectively, and the outstanding balance on the term loan was \$70,652 and \$117,075 as of December 31, 2021 and 2020, respectively. There was no outstanding balance on the line of credit as of December 31, 2021 and 2020.

As of December 31, 2021, the note matures as follows:

| <u>Years Ending December 31,</u> | <u>Amount</u> |
|----------------------------------|------------------|
| 2022 | \$ 49,246 |
| 2023 | 21,406 |
| Total | \$ 70,652 |

During the years December 31, 2021 and 2020, the Center received Paycheck Protection Program (PPP) loans in the amounts of \$470,647 and \$530,500, respectively. The PPP loans were received from the U.S. Federal government under the Coronavirus Aid, Relief and Economic Security (CARES) Act passed by Congress. The terms of the loans require the proceeds to be spent on eligible expenses, which are primarily payroll related costs. Part or all of the loans 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%.

During fiscal year 2021, the Center filed the application and received notice of forgiveness for the \$530,500 PPP loan from the financial institution issuing the loan. As such, during the year ended December 31, 2021, the Center recorded the loan forgiveness as a Federal grant in the accompanying consolidated statements of activities and changes in net assets. As of December 31, 2021, the Center had not obtained the loan forgiveness approval for its \$470,647 PPP loan. Subsequent to year-end, the Center received notice of forgiveness for the \$470,647 PPP loan from the financial institution issuing the loan. As such, as of December 31, 2021, the Center has recorded the loan as a liability in the accompanying consolidated financial statements.

CENTER FOR URBAN FAMILIES, INC.

Notes to the Consolidated Financial Statements December 31, 2021 and 2020

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>2021</u> | <u>2020</u> |
|--|----------------------------|----------------------------|
| Workforce development | \$ - | \$ 68,386 |
| Boost | 408,605 | 515,313 |
| Client and alumni services | - | 927 |
| Training & technical assistance | 201,894 | 145,438 |
| ALL IN / Family stability & economic success | 1,989,874 | 1,000,268 |
| Other | - | 160,236 |
| Time restricted | 1,502,255 | - |
| Net Assets With Donor Restrictions | <u>\$ 4,102,628</u> | <u>\$ 1,890,568</u> |

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, 2021 and 2020, the Center contributed \$45,747 and \$54,985, respectively.