

Greensboro Urban Ministry

Financial Report
June 30, 2021

Contents

<hr/>	
Financial Section	
<hr/>	
Independent auditor's report	1-2
Financial statements	
Statement of financial position	3
Statement of activities	4
Statement of functional expenses	5-6
Statement of cash flows	7
Notes to financial statements	8-15
Supplementary information	
Schedule of expenditures of federal awards	16
Notes to schedule of expenditures of federal awards	17
<hr/>	
Compliance Section	
<hr/>	
Independent auditors report on:	
Internal control over financials reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government</i> <i>Auditing Standards</i>	18-19
Compliance for the major federal program and on internal control over compliance required by the Uniform Guidance	20-21
Schedule of findings and questioned costs	22
Corrective action plan	23
Summary schedule of prior year audit findings	24
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Independent Auditor's Report

Board of Directors
Greensboro Urban Ministry

Report on the Financial Statements

We have audited the accompanying financial statements of Greensboro Urban Ministry, which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greensboro Urban Ministry as of June 30, 2021, 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.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2021, on our consideration of Greensboro Urban Ministry's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Greensboro Urban Ministry's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Greensboro Urban Ministry's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Greensboro Urban Ministry's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent in all material respects with the audited financial statements from which it has been derived.

RSM US LLP

Greensboro, North Carolina
October 29, 2021

Greensboro Urban Ministry

Statement of Financial Position

June 30, 2021

(With Comparative Totals for June 30, 2020)

	2021	2020
Assets		
Cash and cash equivalents	\$ 2,680,879	\$ 4,340,137
Accounts and grants receivable	500,173	7,214
Inventory and contributed goods	314,375	436,181
Prepaid expenses	55,226	103,040
Beneficial interest in endowment	2,256,978	1,838,095
Other assets	6,800	6,800
Property and equipment, net of accumulated depreciation	3,889,592	3,505,850
	\$ 9,704,023	\$ 10,237,317
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 59,832	\$ 68,690
Accrued expenses	86,377	74,909
Loan payable	-	368,110
Other liabilities	24,250	14,250
	170,459	525,959
Net assets:		
Without donor restrictions	6,688,535	6,717,220
With donor restrictions	2,845,029	2,994,138
	9,533,564	9,711,358
	\$ 9,704,023	\$ 10,237,317

See notes to financial statements.

Greensboro Urban Ministry

Statement of Activities

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenue:				
Contributions and bequests	\$ 4,278,536	\$ 13,933	\$ 4,292,469	\$ 4,908,018
Cost reimbursement grants	1,684,182	-	1,684,182	164,343
Food bank donations	2,484,520	-	2,484,520	2,366,296
PPP loan forgiveness	368,110	-	368,110	-
Investment income (loss)	2,700	496,492	499,192	(53,119)
	8,818,048	510,425	9,328,473	7,385,538
Net assets released from restrictions	659,534	(659,534)	-	-
Total revenue	9,477,582	(149,109)	9,328,473	7,385,538
Expenses:				
Functional expenses:				
Program services	8,998,588	-	8,998,588	6,144,906
Management and general	241,957	-	241,957	263,246
Fundraising expenses	218,826	-	218,826	208,701
Total functional expenses	9,459,371	-	9,459,371	6,616,853
Rental property expenses, net	46,896	-	46,896	46,896
Total expenses	9,506,267	-	9,506,267	6,663,749
Change in net assets	(28,685)	(149,109)	(177,794)	721,789
Net assets:				
Beginning of year	6,717,220	2,994,138	9,711,358	8,989,569
End of year	\$ 6,688,535	\$ 2,845,029	\$ 9,533,564	\$ 9,711,358

See notes to financial statements.

Greensboro Urban Ministry

Statement of Functional Expenses

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	Program Services					
	Emergency Assistance	Food Distribution	Pathways	Partnership Village	Weaver House/Winter Emergency	Chaplaincy
Direct assistance	\$ 2,193,711	\$ 2,850,428	\$ 75,578	\$ 171,435	\$ 337,606	\$ 608
Personnel:						
Salaries	181,043	287,649	246,877	94,721	463,155	-
Employee benefits	45,198	86,625	39,594	15,670	66,439	-
Payroll taxes	12,979	18,307	17,188	6,199	32,974	-
Contract labor	-	-	-	-	-	63,442
Allocation – personnel expenses	126,554	142,375	142,374	31,639	284,749	1,200
Office expenses:						
Supplies and postage	2,199	706	2,443	1,978	2,315	112
Equipment rental and maintenance	-	2,610	12,366	10,339	2,352	-
Telephone	3,089	4,495	3,113	4,506	2,502	-
Legal and accounting	-	3,286	-	1,390	2,500	-
Miscellaneous office expenses	872	4,878	234	169	819	1,569
Allocation – office expenses	79,972	33,987	15,994	15,994	23,991	1,200
Building and equipment:						
Utilities	700	-	35,410	1,702	5,604	-
Maintenance and repairs	4,950	33,330	44,085	-	12,451	-
Insurance	3,053	4,058	2,615	2,352	4,889	394
Security	29,536	46,611	144	-	69,917	-
Allocation – building expenses	38,562	121,568	-	-	86,928	1,200
	2,722,418	3,640,913	638,015	358,094	1,399,191	69,725
Depreciation	10,264	70,264	41,606	6,223	41,675	200
Total expenses	\$ 2,732,682	\$ 3,711,177	\$ 679,621	\$ 364,317	\$ 1,440,866	\$ 69,925

See notes to financial statements.

Total Program Services	Supporting Services		Total Supporting Services	Total Functional Expenses	
	Management and General	Fundraising		2021	2020
\$ 5,629,366	\$ 564	\$ -	\$ 564	\$ 5,629,930	\$ 3,158,200
1,273,445	728,551	40,111	768,662	2,042,107	1,771,291
253,526	127,615	11,862	139,477	393,003	356,791
87,647	39,132	2,301	41,433	129,080	120,115
63,442	11,378	-	11,378	74,820	171,416
728,891	(728,891)	-	(728,891)	-	-
9,753	13,812	78,419	92,231	101,984	94,833
27,667	63,349	5,660	69,009	96,676	72,559
17,705	16,597	720	17,317	35,022	28,120
7,176	26,954	320	27,274	34,450	21,989
8,541	92,984	77,794	170,778	179,319	156,298
171,138	(171,138)	-	(171,138)	-	-
43,416	62,172	-	62,172	105,588	110,317
94,816	189,267	-	189,267	284,083	273,675
17,361	10,408	1,444	11,852	29,213	25,624
146,208	270	195	465	146,673	114,895
248,258	(248,258)	-	(248,258)	-	-
8,828,356	234,766	218,826	453,592	9,281,948	6,476,123
170,232	7,191	-	7,191	177,423	140,730
<u>\$ 8,998,588</u>	<u>\$ 241,957</u>	<u>\$ 218,826</u>	<u>\$ 460,783</u>	<u>\$ 9,459,371</u>	<u>\$ 6,616,853</u>

Greensboro Urban Ministry

Statement of Cash Flows

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (177,794)	\$ 721,789
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	224,321	187,627
(Income) loss on beneficial interests in endowment funds	(496,492)	76,163
Loss on disposal of property and equipment	131	-
PPP loan forgiveness	(368,110)	-
Changes in assets and liabilities:		
Accounts and grants receivable	(492,959)	4,541
Inventory and contributed goods	121,806	(121,376)
Prepaid expenses	47,814	(40,421)
Accounts payable	(8,858)	5,126
Accrued expenses	11,468	(45,625)
Other liabilities	10,000	(5,096)
Net cash (used in) provided by operating activities	(1,128,673)	782,728
Cash flows from investing activities:		
Distributions from endowment funds	77,609	76,525
Purchase of property and equipment	(608,194)	(327,184)
Net cash used in investing activities	(530,585)	(250,659)
Cash flows from financing activities:		
Proceeds on loan borrowings	-	368,110
Net (decrease) increase in cash and cash equivalents	(1,659,258)	900,179
Cash and cash equivalents:		
Beginning of year	4,340,137	3,439,958
End of year	\$ 2,680,879	\$ 4,340,137
Supplemental schedule of noncash investing activities:		
Increase (decrease) in accounts payable for purchase of property and equipment	\$ -	\$ (35,033)

See notes to financial statements.

Greensboro Urban Ministry

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: Greensboro Urban Ministry (the Organization) is a nonprofit organization, which provides food, shelter and emergency assistance for families and individuals in and around Greensboro, North Carolina. The Organization's services are provided under the following programs:

Emergency assistance: Works with families and individuals in crisis to prevent homelessness. Emergency assistance provides food and financial assistance to individuals and families in need.

Food distribution: Redistributes donated and surplus food from grocers, wholesalers, organizations and individuals to families and individuals who need food assistance. This program also offers a community kitchen called Potter's House that serves free, well-balanced meals on a daily basis to the needy in the community and the guests at the Weaver House.

Shelter: Shelter is provided through the following programs:

Pathways Family Shelter: Offers a temporary home to 16 homeless families.

Partnership Village: Provides transitional housing for individuals and families with supportive services and case management focused on obtaining permanent housing within two years.

Weaver House Night Shelter: Offers temporary shelter to homeless adults.

WE! Shelter: During the winter months, emergency shelter is provided at various sites for homeless single adults.

Chaplaincy: Offers a ministry of presence, counseling, volunteer service, prayer and worship.

Presentation: The Organization prepares its financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The Organization prepares its financial statements on the accrual basis and reports amounts separately by the two classes of net assets:

Net assets without donor restrictions: Resources related to the Organization's regular activities that are available at the discretion of the Board of Directors.

Net assets with donor restrictions: Resources that carry a donor-imposed restriction. Some donor-imposed restrictions are temporary in nature. A donor's restriction is met when a stipulated time restriction ends or a special purpose restriction is accomplished. As those restrictions are met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Resources received with donor-imposed restrictions that are met in the same year in which they are received are reported as resources without donor restrictions.

Other donor-imposed restriction on the use of the funds mandate that the corpus be maintained in perpetuity. This includes endowment funds.

A summary of the Organization's significant accounting policies follows:

Cash and cash equivalents: For purposes of reporting cash flows, the Organization considers investments with an original maturity of three months or less to be cash equivalents. The Organization has demand deposit accounts in which the balances, at times, exceed federally-insured amounts. The Organization has not experienced any losses on these deposits and does not believe it is exposed to significant credit risk on cash and cash equivalents.

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Receivables: The Organization records receivables at total unpaid balances, which approximate estimated fair values, net of allowances for doubtful accounts. The Organization determines past-due status of individual receivables based on contractual terms and generally does not charge interest on any past-due amounts. The Organization estimates its allowance for doubtful accounts based on a combination of factors, including the Organization's historical loss experience and any anticipated effects related to current economic conditions. Receivables that management believes to be ultimately not collectible are written off upon such determination.

Inventory: Inventory consists primarily of food contributed to the Organization. The inventory is recorded at its estimated fair value per pound.

Property and equipment: Property and equipment are stated at cost, unless donated. Donated property is recorded at fair market value on the date of the gift. Depreciation is provided on the straight-line method over estimated useful lives of the respective assets. Expenditures for maintenance and repairs that do not improve or extend the life of an asset are charged to expense as incurred; major renewals and betterments are capitalized to the property accounts. Upon retirement or sale of an asset, its cost and related accumulated depreciation are removed from property accounts, and any gain or loss is recorded. It is the policy of the Organization to review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Beneficial interests in endowment funds: Beneficial interests in endowment funds are recorded at estimated fair value as reported by the foundations holding the endowment funds.

Revenue recognition: The Organization recognizes unconditional promises to give in the period the contributions are received or promised, whichever is earlier.

Donated goods and services: Donated goods are recognized at fair value at the date of gift. Donated services are recognized at fair value at the date of gift only if (1) the services enhance or create non-financial assets or require specialized skills, (2) are provided by individuals possessing those skills and (3) would typically need to be purchased if not provided by donation. The Organization received \$2,484,520 of in-kind contributions from donated goods during 2021.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organizations programs. However, these donated services have not been reflected in the financial statements as they do not meet the criteria for recognition under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958.

Estimates: The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status: The Organization is a nonprofit organization that is exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3). Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Greensboro Urban Ministry

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Subsequent events: The Organization has evaluated its subsequent events (events occurring after June 30, 2021) through October 29, 2021, which represents the date the financial statements were available to be issued.

Recent accounting pronouncement pending: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The amendments in the update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The amendments in the update are effective for annual financial statements issued for fiscal years beginning after December 15, 2020. Early application is permitted. The Organization is currently evaluating the effect that the updated standard will have on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958)—Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which will increase transparency of contributed nonfinancial assets for nonprofit (NFP) entities through enhancements in presentation and disclosure requirements. NFP entities will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. NFPs will also be required to disclose various information related to contributed nonfinancial assets. The ASU is effective for the Organization's year beginning July 1, 2021, and must be applied on a retrospective basis. The Organization is currently evaluating the impact of adopting this new guidance.

Note 2. Inventory and Contributed Goods

Contributions to the Food Bank are recorded as contribution income in the statement of activities. Items received are primarily food that is charged to expense as served or distributed. A summary of inventory and contributed goods as of and for the year ended June 30, 2021, is as follows:

Beginning inventory	\$ 436,181
Contributions received	2,484,520
Amount served or distributed	(2,606,326)
Ending inventory	<u>\$ 314,375</u>

Note 3. Beneficial Interest in Endowment Funds

The Organization has made organizational endowment contributions to The Community Foundation of Greater Greensboro (the Foundation). The Organization has recorded its beneficial interest in these endowment funds in the accompanying statement of financial position in accordance with U.S. GAAP. Management currently expects to accept distributions recommended by the Foundation and may request additional distributions, but not donor-restricted principal, of these funds. Unless approved by both the Foundation and the Organization, endowment assets will be returned to the Organization only in the event of dissolution of the Foundation or if the Foundation fails to meet certain requirements of the IRC. No variance power was specifically granted to the Foundation, unless the Organization ever ceases to meet certain requirements of the IRC. However, these assets are administered under the provisions of the governing documents of the Foundation, which generally provide for the transfer of variance power in many cases to the Foundation. The estimated fair value of beneficial interests in these endowment funds as reported by the Foundation was \$2,256,978 at June 30, 2021.

Greensboro Urban Ministry

Notes to Financial Statements

Note 4. Property and Equipment

A summary of property and equipment is as follows:

Building and improvements	\$ 6,290,126
Vehicles	202,048
Furniture and equipment	725,876
Computer software	35,274
Total depreciable property and equipment	7,253,324
Accumulated depreciation	(4,199,062)
Depreciable property and equipment, net	3,054,262
Land	835,330
	<u>\$ 3,889,592</u>

Included in property and equipment are buildings leased to others with a cost of \$1,859,039 and accumulated depreciation of \$1,054,886 as of June 30, 2021.

Note 5. Line of Credit and Loan Payable

The Organization has entered into a line of credit agreement allowing it to borrow up to \$1,000,000. The line of credit carries a variable interest rate based on the Pinnacle Base Rate (3.25% as of June 30, 2021), except the rate cannot be less than 4.50%. There were no borrowings outstanding on the line of credit as of June 30, 2021. The loan agreement contains a liquidity and other covenants and expires December 31, 2021.

The Organization received \$368,110 of funding under the Paycheck Protection Program (PPP) on April 17, 2020. The PPP loan was disbursed by the Coronavirus Aid Relief and Economic Security (CARES) Act as administered by the U.S. Small Business Administration (SBA). The loan was made pursuant to a PPP Promissory Note and Agreement. Loans obtained through the PPP are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met. The receipt of these funds, and the forgiveness of the loan was dependent on the Company having initially qualified for the loan and qualifying for the forgiveness of such loan based on its adherence to the forgiveness criteria. On December 18, 2020, the Organization received approval from the SBA for \$368,110 of PPP loan forgiveness. This amount was recorded as PPP loan forgiveness in the statement of activities for the year ended June 30, 2021.

Note 6. Net Assets With Donor Restrictions

The following is a summary of net assets with donor restrictions as of June 30, 2021:

Restricted for purpose and/or time:	
Chaplaincy	\$ 13,933
Reserve for program activity	408,836
Utility assistance	165,282
	<u>588,051</u>
Restricted by endowment	2,256,978
	<u>\$ 2,845,029</u>

Greensboro Urban Ministry

Notes to Financial Statements

Note 7. Endowment Fund

The Organization's endowment consists of a single fund established to support general activities and special projects. The endowment consists of donor-restricted funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Board of Directors (BOD) of the Organization has interpreted the North Carolina enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies net assets with donor restrictions as endowment corpus: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as endowment corpus represents the fair value of assets associated with individual donor-restricted endowment funds over the corpus that the donor or UPMIFA requires, until appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (a) The duration and preservation of the fund
- (b) The purposes of the Organization and the donor-restricted endowment fund
- (c) General economic conditions
- (d) The possible effects of inflation and deflation
- (e) The expected total return from income and the appreciation of investments
- (f) Other resources of the Organization
- (g) The investment policies of the Organization

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021.

Return objective and risk parameters: The Organization's objective is to earn a respectable, long-term, risk-adjusted total rate of return to support the designated programs. The Organization recognizes and accepts that pursuing a respectable rate of return involves risk and potential volatility. The generation of current income will be a secondary consideration. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Organization has established a policy portfolio or normal asset allocation. While the policy portfolio can be adjusted from time to time, it is designed to serve for long-time horizons based upon long-term expected returns.

Greensboro Urban Ministry

Notes to Financial Statements

Note 7. Endowment Fund (Continued)

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Organization will appropriate for expenditure in its annual budget a maximum of 5% of the prior year's ending market value of the endowment assets. There may be times when the Organization may opt not to take the maximum spending rate but rather reinvest some of the annual return. This spending rate is based on the long-term assumption of an average annual total return (net of fees) of at least 5% plus inflation.

Endowment net asset composition by type of fund, all with donor restrictions, as of June 30, 2021, is as follows:

Description	Corpus	Fair Value Over Corpus	Total
Undesignated:			
Bryan endowment	\$ 500,000	\$ 528,115	\$ 1,028,115
Snipes endowment	337,893	254,948	592,841
Stern endowment	10,000	6,678	16,678
Campbell endowment	5,000	1,746	6,746
Peterson endowment	100,000	40,916	140,916
Mullin endowment	52,158	24,347	76,505
Kaplan endowment	150,000	44,755	194,755
Designated, Food Bank and Potters House:			
Eagle Fund endowment	114,447	85,975	200,422
	<u>\$ 1,269,498</u>	<u>\$ 987,480</u>	<u>\$ 2,256,978</u>

Changes in endowment net assets, all with donor restrictions, for the fiscal year ended June 30, 2021, are as follows:

Description	Corpus	Fair Value Over Corpus	Total
Endowment net assets, July 1, 2020	\$ 1,269,498	\$ 568,597	\$ 1,838,095
Investment income (loss):			
Dividends	-	31,983	31,983
Net appreciation	-	491,754	491,754
Management fees	-	(27,245)	(27,245)
Total investment income	-	496,492	496,492
Appropriations for expenditures	-	(77,609)	(77,609)
Endowment net assets, June 30, 2021	<u>\$ 1,269,498</u>	<u>\$ 987,480</u>	<u>\$ 2,256,978</u>

Greensboro Urban Ministry

Notes to Financial Statements

Note 8. Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under U.S. GAAP are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is the description of the valuation methodologies used for assets measured at fair value subsequent to initial recognition. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Beneficial interest in endowment: Fair value is the value of the organizational funds established with the Foundation for which the Foundation is obligated to use for the benefit of the Organization. The Foundation invests organizational funds in a diversified portfolio consisting of equity securities, fixed income securities and alternative investments. The Foundation provides the Organization with a value that is periodically adjusted for investment income allocations made by the Foundation.

The following table sets forth, by level within the fair value hierarchy, the Organization's assets measured at fair value subsequent to initial recognition on a recurring basis.

Description	Assets at Fair Value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Beneficial interest in endowment	\$ -	\$ -	\$ 2,256,978	\$ 2,256,978

Note 9. Retirement Plan

The Organization has a defined contribution retirement plan covering all eligible employees. The Organization matches employee contributions up to a maximum of 3% of salaries. Total matching contributions were approximately \$31,250 for the year ended June 30, 2021.

Greensboro Urban Ministry

Notes to Financial Statements

Note 10. Rental Property

The Organization owns and leases two buildings under bargain lease agreements as follows:

A 9,270-square-foot building leased to Triad Adult and Pediatric Medicine, Inc., a nonprofit organization that provides medical and pharmaceutical needs to individuals. Lease payments are \$1 per year, and the lease term is one year with automatic renewals, unless terminated, for consecutive one-year terms beginning each October 1.

A 13,618-square-foot building leased to United Child Development Services, Inc., a nonprofit organization that provides child care and child development programs to the community. Lease payments are \$1 per year, and the lease term is one year with automatic renewals, unless terminated, for consecutive one-year terms beginning each May 1.

Rental income and expenses, presented net on the statement of activities, consist of the following for the year ended June 30, 2021:

Rental income	\$	2
Depreciation expense on rental buildings		(46,898)
Rental property expenses, net	\$	<u>(46,896)</u>

Note 11. Liquidity

The Organization regularly monitors liquidity required to meet its operating needs, grants and other commitments, while also striving to maximize the investment of its available funds. To achieve this, the Organization forecasts its future cash flows and monitors its liquidity on a monthly basis. In addition to the available financial assets, the Organization has a line of credit agreement of \$1,000,000, which can be drawn upon if the event of immediate liquidity needs.

The following table summarizes the Organization's financial assets for general expenditures within one year after June 30, 2021:

Financial assets:		
Cash	\$	2,680,879
Accounts and grants receivable		500,173
Beneficial interest in endowment		<u>2,256,978</u>
		<u>5,438,030</u>
Less amounts not available to be used within one year:		
Donor restricted net assets		<u>2,845,029</u>
Financial assets available to meet general expenditures within one year	\$	<u><u>2,593,001</u></u>

The Organization has an endowment with a maximum annual spending limit equal to 5% of the prior year ending market value of the endowment assets, or approximately \$100,000 as of June 30, 2021, which is available within the next year.

Greensboro Urban Ministry

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Contract Number	Expenditures
U.S. Department of Housing and Urban Development			
Passed-through the City of Greensboro:			
Community Development Block Grants	14.218	17717	\$ 57,000
Community Development Block Grants	14.218	17819	50,000
Community Development Block Grants	14.218	17820	40,000
Passed-through the NC Department of Health and Human Services:			
Emergency Solutions Grant Program	14.231	41415	152,693
Emergency Solutions Grant Program	14.231	41677	200,000
			<u>499,693</u>
U.S. Department of the Treasury			
Passed-through the City of Greensboro:			
Emergency Rental Assistance Program - COVID 19	21.023	210178	<u>1,122,496</u>
U.S. Department of Homeland Security			
Passed-through United Way of America:			
Emergency Food and Shelter National Board Program	97.024	37	11,993
Emergency Food and Shelter National Board Program	97.024	Cares	25,000
Emergency Food and Shelter National Board Program	97.024	38	25,000
			<u>61,993</u>
			<u><u>\$ 1,684,182</u></u>

See notes to schedule of expenditures of federal awards.

Greensboro Urban Ministry

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Greensboro Urban Ministry (GUM) for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule represents only a selected portion of GUM's operations, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of GUM.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Indirect costs are charged to federal grants. GUM utilized the 10% de minimis indirect cost rate, as provided under the Uniform Guidance, charging up to 10% of direct costs.

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Greensboro Urban Ministry

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Greensboro Urban Ministry, which comprise the statement of financial position as of June 30, 2021, the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greensboro Urban Ministry internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Greensboro Urban Ministry's internal control. Accordingly, we do not express an opinion on the effectiveness of Greensboro Urban Ministry's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greensboro Urban Ministry's financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Greensboro, North Carolina
October 29, 2021

**Report on Compliance for the Major Federal
Program and Report on Internal Control Over
Compliance Required by the Uniform Guidance**

Independent Auditor's Report

Board of Directors
Greensboro Urban Ministry

Report on Compliance for the Major Federal Program

We have audited Greensboro Urban Ministry's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Greensboro Urban Ministry's major federal program for the year ended June 30, 2021. Greensboro Urban Ministry's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Greensboro Urban Ministry major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greensboro Urban Ministry's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the Greensboro Urban Ministry compliance.

Opinion on the Major Federal Programs

In our opinion, Greensboro Urban Ministry complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Greensboro Urban Ministry is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Greensboro Urban Ministry's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Greensboro Urban Ministry internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

Greensboro, North Carolina
October 29, 2021

Greensboro Urban Ministry

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

 Yes X No
 Yes X None Reported

Noncompliance material to financial statements noted?

 Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

 Yes X No
 Yes X None Reported

Type of auditor's report issued on compliance
for major programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with 2CFR 200.516(a)?

 Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

21.023

US Treasury Emergency Rental
Assistance Program

Dollar threshold used to distinguish
between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 Yes X No

Section II. Financial Statement Findings

No matters were reported.

Section III. Findings and Questioned Costs for Federal Awards

No matters were reported.

Greensboro Urban Ministries

**Corrective Action Plan
Year Ended June 30, 2021**

No findings reported.

Greensboro Urban Ministries

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021**

No prior audit findings.