

DUMAS WESLEY COMMUNITY CENTER

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

**DUMAS WESLEY COMMUNITY CENTER
TABLE OF CONTENTS
DECEMBER 31, 2020**

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Dumas Wesley Community Center
Mobile, Alabama

I have audited the accompanying financial statements of the Dumas Wesley Community Center (a nonprofit organization), which are comprised of the statement of financial position as of December 31, 2020, and 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

RAH

R A Headrick, Jr, CPA, LLC
Certified Public Accountant

Emphasis of a Matter

As discussed in Note 9 to the financial statements, the allocation of expenses presented in note 9, Statement of Activities (page 4), and Statement of Functional Expenses (page 5) was corrected. My opinion is not modified with respect to these matters.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dumas Wesley Community Center as of December 31, 2020, 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.



*Mobile, Alabama
July 29, 2021*

**DUMAS WESLEY COMMUNITY CENTER
STATEMENT OF FINANCIAL POSITON
DECEMBER 31, 2020**

Current assets	
Cash and cash equivalents	\$ 577,897
Investments	315,950
Grants receivable	42,572
Promises to give, net	123,251
Total current assets	<u>1,059,670</u>
Property, plant, and equipment	
Land	350,882
Land improvements	113,530
Buildings	4,273,037
Furniture, fixtures, and equipment	546,856
Vehicles	110,383
	<u>5,394,688</u>
Less: Accumulated depreciation	(3,306,179)
Total property, plant, and equipment, net	<u>2,088,509</u>
Restricted assets	
Long-term investments	<u>2,603,923</u>
Total restricted assets	<u>2,603,923</u>
Total assets	<u><u>\$ 5,752,102</u></u>
Current liabilities	
Note payable - Payroll Protection Program	\$ 114,190
Accounts payable	38,047
Accrued liabilities	1,461
Total current liabilities	<u>153,698</u>
Long-term liabilities	
Rent escrow	<u>10,815</u>
Total long-term liabilities	<u>10,815</u>
Total liabilities	<u>164,513</u>
Net assets	
Without donor restrictions	2,983,666
With donor restrictions	<u>2,603,923</u>
Total net assets	<u>5,587,589</u>
Total liabilities and net assets	<u><u>\$ 5,752,102</u></u>

See the accompanying notes to the financial statements

**DUMAS WESLEY COMMUNITY CENTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, grants, and other support			
Contributions, fees, and grants	\$ 664,107	\$ -	\$ 664,107
Federal grants	399,791	-	399,791
Local government grants	123,850	-	123,850
United Way	124,462	-	124,462
State of Alabama CARE's Act	15,000	-	15,000
Income from funds in trust held by others	30,771	-	30,771
Program service fees	3,739	-	3,739
Investment return, net	3,853	513,176	517,029
Special events	19,171	-	19,171
Rental income	48,500	-	48,500
Miscellaneous	3,541	-	3,541
Net assets released from restrictions	-	-	-
Total revenues, grants, and other support	<u>1,436,785</u>	<u>513,176</u>	<u>1,949,961</u>
Expenses			
Program services			
Neighborhood development	116,533	-	116,533
Special programs for the aging	152,836	-	152,836
Sybil Smith Family Village	450,059	-	450,059
Family daycare food program	400,724	-	400,724
Total program services expenses	<u>1,120,152</u>	<u>-</u>	<u>1,120,152</u>
Program services			
Management and general	202,299	-	202,299
Fund raising	-	-	-
Total supporting services	<u>202,299</u>	<u>-</u>	<u>202,299</u>
Total expenses	<u>1,322,451</u>	<u>-</u>	<u>1,322,451</u>
Change in net assets	<u>114,334</u>	<u>513,176</u>	<u>627,510</u>
Net assets			
Beginning of year	2,622,532	2,337,547	4,960,079
Prior period adjustment - see note 10	297,096	(297,096)	-
Prior period adjustment - see note 11	(50,296)	50,296	-
End of year	<u>\$ 2,983,666</u>	<u>\$ 2,603,923</u>	<u>\$ 5,587,589</u>

See the accompanying notes to the financial statements

**DUMAS WESLEY COMMUNITY CENTER
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services				Supporting Services			
	Neighborhood Development	Special Programs For the Aging	Sybil Smith Family Village	Family Daycare Food Program	Total Program Services	Management and General	Fund Raising	Total Supporting Services
Contract labor	\$ -	\$ 1,967	\$ -	\$ -	\$ 1,967	\$ -	\$ -	\$ -
Depreciation and amortization	4,112	8,224	44,466	4,112	60,914	69,460	-	69,460
Dues and subscriptions	150	300	400	163	1,013	150	-	150
Employee benefits	549	7,815	15,749	13,179	37,293	10,895	-	10,895
Insurance	11,379	17,866	13,152	2,656	45,052	20,746	-	20,746
Interest	163	392	2,741	1,352	4,649	542	-	542
Janitorial	1,637	4,081	3,445	1,328	10,491	1,361	-	1,361
Miscellaneous	-	-	121	-	121	719	-	719
Occupancy	6,550	12,907	35,528	6,458	61,443	6,454	-	6,454
Payroll taxes	2,483	2,845	11,767	5,166	22,262	13,123	-	13,123
Postage and shipping	151	269	351	338	1,109	212	-	212
Printing	57	113	57	57	284	57	-	57
Professional fees	2,707	5,413	18,387	2,767	29,274	2,707	-	2,707
Publications and marketing	185	220	110	110	624	110	-	110
Repairs and maintenance	7,086	8,461	21,989	2,920	40,457	3,539	-	3,539
Salaries	63,456	75,115	191,320	73,325	403,216	66,336	-	66,336
Security	242	484	46,498	242	47,466	242	-	242
Program expenses	12,764	1,210	14,150	284,138	312,262	621	-	621
Supplies	2,190	2,291	16,108	1,189	21,777	4,228	-	4,228
Telephone	672	1,340	3,763	670	6,445	670	-	670
Transportation expense	-	1,523	322	554	2,398	128	-	128
Investment administrative expenses	-	-	9,635	-	9,635	-	-	-
Total functional expenses	<u>\$ 116,533</u>	<u>\$ 152,836</u>	<u>\$ 450,059</u>	<u>\$ 400,724</u>	<u>\$ 1,120,152</u>	<u>\$ 202,299</u>	<u>\$ -</u>	<u>\$ 202,299</u>

See the accompanying notes to the financial statements

**DUMAS WESLEY COMMUNITY CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 30, 2020**

Cash flows from operating activities

Cash received from grants, donations, and program services	\$ 1,668,012
Interest and dividends received	268,710
Cash paid for operating expenses	(1,217,713)
Interest paid	(1,475)
Net cash provided by operating activities	<u>717,535</u>

Cash flows from investing activities

Cash paid for property and equipment	(14,688)
Collection of rent escrow, net	488
Purchase of investments	(829,125)
Net cash used in investing activities	<u>(843,325)</u>

Cash flows from financing activities

Obtained Payroll Protection Program loan	114,190
Payments on note payable	(52,830)
Net cash provided by financing activities	<u>61,360</u>

Net decrease in cash and cash equivalents (64,430)

Cash and cash equivalents, beginning of year 642,327

Cash and cash equivalents, end of year \$ 577,897

See the accompanying notes to the financial statements

**DUMAS WESLEY COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 1 – Nature of activities

Dumas Wesley Community Center (the “Organization”) operates a multipurpose community center serving the social needs of the residents of the Crichton community of the City of Mobile, Alabama. The Organization concentrates its services in the following areas: family home daycare; emergency shelter; leisure time activities; feeding programs for the elderly (both on-site and home bound); transportation for those individuals needing medical assistance throughout Mobile County; neighborhood visitations to stay abreast of issues confronting the community; and services directed to at-risk youth. In addition, the Organization operates the Sybil Smith Family Village. This program provides services for homeless men, women, and their children in cooperation with the Department of Housing and Urban Development and local support. The program intends by services rendered to move homeless women and men with children to a state of independence within a two-year period.

Note 2 – Summary of significant accounting policies

Financial statement presentation

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby net assets and activities are reported, based on the existence or absence of donor-imposed restrictions, into two classes: net assets without donor restrictions and net assets with donor restrictions.

Use of estimates

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

Contributed services

During the years ended December 31, 2020, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Cash and cash equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable

Accounts receivable consists of grants receivable from outside agencies and are recorded when the conditions for receipt of the funds have been met. All accounts receivable are expected to be received within the following year.

**DUMAS WESLEY COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 2 – Summary of significant accounting policies (continued)

Unconditional promises to give

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions.

Provisions for uncollectible accounts

Management provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The estimate is based on historical collection experience and a review of the current status of accounts receivable and unconditional promises to give. It is reasonably possible that management's estimate of the allowance for doubtful accounts will change. Due to the nature and collection of the receivable, management has determined that all receivables are collectible, and accordingly, no allowance for doubtful accounts has been recorded at December 31, 2020.

Revenue recognition

Contributions and grants received are recorded as unrestricted support unless they are received with donor stipulations, in which case they are reported as donor restricted. Conditional grants received are reported as deferred support until all stipulated conditions are fulfilled. Upon meeting a donor's stipulation, net assets with donor restrictions are released to net assets without donor restrictions.

Rent revenue is received from two tenants and is recognized monthly over the terms of the respective leases. Special event revenue is raised through events occurring throughout the year and consist of two primary events, which are the Plane Pull and Toy Store. The Plane Pull revenue is derived from entry fees and sponsorship donations and are recognized at the conclusion of the event. Toy Store revenue consists primarily of in-kind contributions, which are recognized in the period in which the event is held. Program services fees consists of summer camp fees and are recognized when received.

Contributed materials and equipment

Contributed materials and equipment are reflected as contributions in the statement of activities at their fair value at the date of donation, if readily determinable. No amounts have been reflected in the statement of activities for contributed services, inasmuch, as no objective basis is available to measure the value of such services. However, a substantial number of volunteers have donated significant amounts of their time to the Organization's program services including fund -raising and special events.

Property and equipment

Property and equipment items are carried at cost, or if donated, at the estimated fair market value at the time of donation. Disbursements which materially increase values or extend useful lives are capitalized, while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred. The net gain or loss on items retired or otherwise disposed of is credited or charged to income and the cost and accumulated depreciation is removed from the accounts.

**DUMAS WESLEY COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 2 – Summary of significant accounting policies (continued)

A provision for depreciation of property and equipment is made using the straight-line method. Estimated useful lives are principally as follows: land improvements 15 years; buildings 30 to 40 years; furniture, fixtures, and equipment 3 to 10 years; and vehicles 5 to 10 years.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Functional allocation of expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of functional expenses, accordingly, certain costs have been allocated among the benefitting programs and supporting services.

Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization, which is not a private foundation.

Uncertain tax positions

The Organization follows the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020, the Organization had no uncertain tax positions for either recognition or disclosure in the financial statements. With few exceptions, the Organization is no longer subject to Federal or state income tax examinations by taxing authorities for years before 2017.

Subsequent events

Management's evaluation of subsequent events through July 29, 2021 which is the date the financial statements were available to be issued, revealed no significant matters to be recorded or disclosed.

**DUMAS WESLEY COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 3 – Liquidity and availability of funds

The Organization has \$1,048,855 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$577,898, short-term investments of \$315,950, grants receivable of \$42,572, and promises to give of \$123,251, less \$10,815 of the financial assets are subject to board designations that make them unavailable for general expenditure within one year of the balance sheet date. The short-term investments consist of a money market account. The grants receivable is subject to contractual restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash, short-term investments, grants receivable, and promises to give, to meet 90 days of normal operating expenses, which are, on average, approximately \$331,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4 – Investments

The following schedule summarized the change in investment values during 2020:

Market value, beginning of year	\$ 2,387,843
Contributions	15,000
Withdrawals and fees	(11,505)
Interest and dividends reinvestment	60,605
Unrealized gain/(losses)	311,146
Realized gain/(losses)	<u>156,784</u>
Market value, end of year	<u><u>\$ 2,919,873</u></u>

The following is a summary of each major type of investment at December 31, 2020:

Temporary cash funds	382,774
Bond mutual funds	695,740
Equity mutual funds	1,698,052
Pooled investment funds	<u>143,307</u>
Total	<u><u>2,919,873</u></u>

**DUMAS WESLEY COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 4 – Investments (continued)

Investment return as reported in the statement of activities is comprised of the following:

Interest and/or dividends	60,605
Net unrealized gains (losses)	311,146
Net realized gains	156,783
Trustee and other fees	<u>(11,505)</u>
 Total	 <u><u>517,029</u></u>

The Financial Accounting Standards Board established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of quoted prices for similar assets or liabilities in active markets; and Level 3 inputs are unobservable and have the lowest priority. The fair value of investments measured on a recurring basis at December 31, 2020, is based on quoted prices in active markets for identical assets (Level 1 as required by FASB ASC 820). There have been no changes in valuation techniques and related inputs.

Note 5 – Note payable

During 2020, the Organization applied and received a loan in the amount of \$114,190 from the Paycheck Protection Program, as enacted by the CARES Act of 2020. Management has classified the loan as a note payable due to management's intention to applied for forgiveness of the loan in 2021.

Note 6 – Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2020 consist of the following:

Sybil Smith Family Village Endowment	\$2,404,337
Community Foundation - Dumas Wesley Community Center	144,701
Congress Asset Management Fund	<u>54,885</u>
Total	<u><u>\$2,603,923</u></u>

**DUMAS WESLEY COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 7 – Endowments

Donor restricted net assets as of December 31, 2020 include an endowment fund administered by the Community Foundation of South Alabama for the purpose of raising community capital. Investment earnings are unrestricted. Changes in the endowment fund are as follows:

Balance, beginning of year	\$ 127,290
Investment Return	19,281
Investment Fees	<u>(1,870)</u>
Balance, end of year	<u>\$ 144,701</u>

The Organization's Board has established a quasi-endowment fund for the purpose of maintaining ongoing support for the Sybil Smith Family Village. The quasi-endowment is funded from donor contributions restricted to the purpose of this program. Distributions from the endowment fund are to be limited to income generated annually, up to 5% of the previous calendar year fund balance. Invasion of corpus is allowable with an affirmative vote of 90%, or more of the standing Board. Changes in the quasi-endowment fund are as follows:

Balance, beginning of year	\$ 1,921,783
Contributions	-
Withdrawals	-
Investment return	492,188
Investment fees	<u>(9,634)</u>
Balance, end of year	<u>\$ 2,404,337</u>

Note 8 – Concentrations of credit risk

The Organization maintains cash balances at several financial institutions. Periodically, the Organization's cash balances may exceed federally insured limits. The Organization believes there is no significant risk with respect to these deposits.

**DUMAS WESLEY COMMUNITY CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Note 9 – Correction of allocation of expenses

During 2020, the Dumas Wesley Community Center conducted activities that included program and management components. In this note in these financial statements previously issued May 6, 2021, program expenses were 74% of total expenses and management and general expenses were 26% of total expenses. The allocation of those expenses are corrected in these financial statements as presented below.

Programs	\$ 1,120,152	85%
Management and administration	202,299	15%
Fund raising	-	0%
	<u>\$ 1,322,451</u>	<u>100%</u>

The allocation of these expenses was also corrected in the State of Activities (page 4) and Statement of Functional Expenses (page 5).

Note 10 – Prior Period Adjustment

During the 2020, management noted net assets with donor restrictions were overstated by \$297,096 and net assets without donor restrictions were understated by \$297,096. This was due to an investment account, without donor restrictions, being classified as restricted. To correct these balances, management reduced net assets with donor restrictions and increased net assets without donor restrictions by \$297,096. This correction had no effect on total net assets.

Note 11 – Prior Period Adjustment

During the 2020, management noted the beginning net assets without donor restrictions were overstated by \$50,296 and beginning net assets with donor restrictions were understated by \$50,296. To correct these balances, management reduced net assets without donor restrictions and increased net assets with donor restrictions by \$50,296. This correction had no effect on total net assets.