

DUMAS WESLEY COMMUNITY CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2022

DUMAS WESLEY COMMUNITY CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Dumas Wesley Community Center
Mobile, Alabama

Opinion

We have audited the accompanying financial statements of Dumas Wesley Community Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dumas Wesley Community Center as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dumas Wesley Community Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dumas Wesley Community Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dumas Wesley Community Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dumas Wesley Community 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.

Avizo Group, Inc.

Certified Public Accountants

March 21, 2023
Brewton, Alabama

DUMAS WESLEY COMMUNITY CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 644,700
Investments	520,319
Receivables	173,907
Prepaid expenses	9,372
Total current assets	<u>1,348,298</u>

CAPITAL ASSETS

Land	350,882
Buildings and improvements	4,343,377
Furniture and fixtures	450,641
Vehicles	110,384
Less accumulated depreciation	<u>(3,293,854)</u>
Capital assets - net	<u>1,961,430</u>

OTHER ASSETS

Long-term investments, restricted	<u>2,831,199</u>
Total other assets	<u>2,831,199</u>

TOTAL ASSETS

\$ 6,140,927

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 41,657
Accrued liabilities	2,319
Total current liabilities	<u>43,976</u>

LONG TERM LIABILITIES

Rent escrow	8,301
Total long term liabilities	<u>8,301</u>

NET ASSETS

With donor restrictions	2,831,199
Without donor restrictions	3,257,451
Total net assets	<u>6,088,650</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 6,140,927

See independent auditors' report and notes to the financial statements.

DUMAS WESLEY COMMUNITY CENTER

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions, fees and grants	\$ 821,570	\$ 3,738	\$ 825,308
Federal grants	562,120	-	562,120
Local government grants	87,237	-	87,237
United Way	122,069	-	122,069
Income from funds in trust	-	2,289	2,289
Program service fees	9,341	-	9,341
Investment return, net	(94,541)	(492,054)	(586,595)
Fundraising	24,503	-	24,503
Rental income	69,152	-	69,152
Miscellaneous	12,089	-	12,089
Net assets released from restrictions	-	-	-
TOTAL SUPPORT AND REVENUE	<u>1,613,540</u>	<u>(486,027)</u>	<u>1,127,513</u>
EXPENSES:			
Program services:			
Neighborhood development	176,741	-	176,741
Special programs for aging	193,407	-	193,407
Sybil Smith family village	477,523	-	477,523
Family daycare food program	566,665	-	566,665
Total program services	<u>1,414,336</u>	<u>-</u>	<u>1,414,336</u>
Supporting services:			
Management and general	243,577	-	243,577
Fundraising	906	-	906
Total supporting services	<u>244,483</u>	<u>-</u>	<u>244,483</u>
TOTAL EXPENSES	1,658,819	-	1,658,819
Change in net assets	(45,279)	(486,027)	(531,306)
Net assets, beginning of year	<u>3,302,730</u>	<u>3,317,226</u>	<u>6,619,956</u>
NET ASSETS, END OF YEAR	<u>\$ 3,257,451</u>	<u>\$ 2,831,199</u>	<u>\$ 6,088,650</u>

See independent auditors' report and notes to the financial statements.

DUMAS WESLEY COMMUNITY CENTER

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services		
	Neighborhood Development	Special Programs for the Aging	Sybil Smith Family Village	Family Daycare Food Program	Management and General	Fundraising	Total
Advertising	\$ 480	\$ 480	\$ 453	\$ 480	\$ 1,230	\$ -	\$ 3,123
Bank charges	64	32	-	94	859	-	1,049
Depreciation	17,010	17,010	51,323	17,010	32,251	-	134,604
Dues and subscriptions	170	170	158	170	545	-	1,213
Employee benefits	9,787	11,366	24,747	7,084	14,563	-	67,547
Insurance	14,202	15,096	17,609	4,217	28,280	-	79,404
Janitorial	3,511	3,965	6,011	3,511	4,171	-	21,169
Miscellaneous	192	192	175	117	1,231	906	2,813
Occupancy	-	-	5,833	-	-	-	5,833
Payroll taxes	6,296	7,311	15,919	4,557	9,368	-	43,451
Postage and shipping	177	237	170	177	446	-	1,207
Printing	150	238	170	-	247	-	805
Professional fees	1,052	1,052	2,637	1,052	1,493	-	7,286
Repairs and maintenance	7,247	11,748	12,969	5,046	6,766	-	43,776
Salaries	83,144	106,124	212,367	40,145	126,081	-	567,861
Security	1,059	695	47,614	694	745	-	50,807
Program expenses	19,849	837	18,544	470,984	77	-	510,291
Supplies	1,882	2,075	16,572	1,589	4,840	-	26,958
Telephone	870	870	3,952	870	870	-	7,432
Transportation expense	1,372	5,683	590	642	1,259	-	9,546
Utilities	8,227	8,226	39,710	8,226	8,255	-	72,644
Total expenses	\$ 176,741	\$ 193,407	\$ 477,523	\$ 566,665	\$ 243,577	\$ 906	\$ 1,658,819

See independent auditors' report and notes to the financial statements.

DUMAS WESLEY COMMUNITY CENTER

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (531,306)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	134,604
Realized and unrealized gains	483,951
Decrease (Increase) in accounts receivable	44,139
Decrease (Increase) in prepaid expenses	14,873
Increase (Decrease) in accounts payable	35,200
Increase (Decrease) in accrued liabilities	280
Increase (Decrease) in rent escrow	5,732
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>187,473</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	<u>(60,039)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(60,039)</u>

INCREASE IN CASH AND CASH EQUIVALENTS

127,434

CASH AND CASH EQUIVALENTS

Beginning of year	<u>517,266</u>
End of year	<u><u>\$ 644,700</u></u>

DUMAS WESLEY COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Dumas Wesley Community Center (the "Center") operates a multipurpose community center serving the social needs of the residents of the Crichton community of the City of Mobile, Alabama. The Center 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 Center 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.

Basis of Accounting

The Center's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Center maintains bank accounts at several banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. During the year, the Center had cash accounts that exceed the federal insured limits. The Center considers all highly liquid debt instruments purchased with maturity of three months or less as cash equivalents.

Support and Revenue

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 three tenants and is recognized monthly over the terms of the respective annual leases. Fund Raising 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 monetary and in-kind contributions, which are recognized in the period in which the event is held. Program services fees consists of summer camp fees and fees from the Sybil Smith Family Village residents and are recognized when received.

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DUMAS WESLEY COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in net assets with donor restrictions. 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 statement of activities as net assets released from restrictions.

The Center does not recognize any support, revenues or expenses from services contributed by volunteers. If any support, revenues or expenses were recorded, they would be determined based on the difference of any amount paid to an individual, if any, and the comparable compensation which would be paid to an individual if they were to occupy those paid positions.

Unconditional promises to give

Contributions are recognized when the donor makes an unconditional promise to give to the Center. 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.

Capital Assets

Capital assets are carried at cost. Depreciation is computed on a straight-line basis over the useful lives of the assets. Estimated depreciable lives are 3-10 years for furniture, fixtures, and equipment and 10-31 years for buildings and improvements. The net capital asset balance has been recorded as a separate component in unrestricted net assets.

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DUMAS WESLEY COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of those expenses in these financial statements are as presented below:

Programs	\$ 1,414,336	85.27%
Management and administration	243,577	14.68%
Fundraising	906	0.05%
Total	<u>\$ 1,658,819</u>	<u>100.00%</u>

Income Taxes

The Center is exempt from income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The income tax filings are subject to examination by taxing authorities, generally for three years after they are filed.

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.

Advertising

The Center expenses advertising costs as they are incurred. Advertising expenses for the year ended December 31, 2022 was \$3,123.

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DUMAS WESLEY COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without donor restrictions - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with donor restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

The Center had the following net assets with donor restrictions at December 31, 2022:

Sybil Smith Family Village Endowment	\$ 2,631,781
Community Foundation - Dumas Wesley Community Center	138,543
Scholarship Fund	60,875
Total net assets with donor restrictions	<u>\$ 2,831,199</u>

Subsequent Events

The Center has evaluated subsequent events through March 21, 2023, the date which the financial statements were available to be issued. There were no material subsequent events which require disclosure at December 31, 2022.

DUMAS WESLEY COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 2 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center's cash flows come from revenues generated from grants, donations, and fundraisers. The Center is expected to have sufficient funds to meet cash needs for current general expenditures. The Center uses any investment earnings that are without donor restrictions to supplement revenue in providing cash flows to meet general expenditures.

The following represents the Center's financial assets at December 31, 2022.

Financial assets and year end

Cash and cash equivalents	\$ 1,165,019
Receivables	173,907
Prepaid expenses	9,372
Long-term investments, restricted	<u>2,831,199</u>
Total financial assets	4,179,497

Less - amounts not available to be used within one year:

Net assets with donor/board restrictions	<u>(2,831,199)</u>
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Total financial assets available to meet cash needs for general expenditure within the next 12 months

\$ 1,348,298

NOTE 3 FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, 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 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

DUMAS WESLEY COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 3 FAIR VALUE MEASUREMENTS (Continued)

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

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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset 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 a description of the valuation methodologies used for assets measured at fair value. There have been no changes in valuation techniques during the current year.

The following tables present the balances of assets measured at fair value by level within the fair value hierarchy as of:

December 31, 2022	Level 1	Level 2	Level 3	Total
Common stocks	\$ 1,970,523	\$ -	\$ -	\$ 1,970,523
Money market funds	23,213	-	-	23,213
Mutual funds	776,588	-	-	776,588
Total investments	<u>\$ 2,770,324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,770,324</u>

DUMAS WESLEY COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 4 MARKETABLE EQUITY SECURITIES

In accordance with *Financial Accounting Standards Board Statement* No. 12, the marketable equity securities are carried at their lower of aggregate cost or market value at December 31, 2022.

The aggregate cost and market value of the marketable equity securities, by portfolio, are as follows:

	Current Portfolio
Aggregate costs	\$ 2,859,690
Aggregate market value	<u>2,831,199</u>
Net unrealized gain (loss)	<u>\$ (28,491)</u>

At December 31, 2022 the unrealized gains and (losses), by portfolio, are as follows:

	Current Portfolio
Gross unrealized gains	\$ -
Gross unrealized losses	<u>(28,491)</u>
Net unrealized gain (loss)	<u>\$ (28,491)</u>

The net realized gain (loss) included in net income is \$(29,436) for the year ended December 31, 2022. The cost of the securities sold was determined by the specific identify method.

DUMAS WESLEY COMMUNITY CENTER

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

NOTE 5 ENDOWMENTS

Donor restricted net assets as of December 31, 2022 included 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	\$ 159,255
Investment return	(18,818)
Investment fees	<u>(1,894)</u>
Balance, end of year	<u>\$ 138,543</u>

The Center'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	\$ 3,088,903
Investment return	(442,966)
Investment fees	<u>(14,156)</u>
Balance, end of year	<u>\$ 2,631,781</u>