

Bidwell Riverside Center  
Independent Auditor's Report  
And  
Financial Statements  
Six months ended June 30, 2018

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**DONALD W. CROGHAN, CPA**  
A Professional Corporation



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INDEPENDENT AUDITOR'S REPORT

Member  
American Institute of CPAs  
Iowa Society of CPAs

To the Board of Directors of  
Bidwell Riverside Center  
Des Moines, IA 50315

I have audited the accompanying financial statements of Bidwell Riverside Center (a nonprofit 501 (c) (3) organization) which comprise the statement of financial position as of June 30, 2018, and the related statement of activities, functional expenses, and cash flows for the six months 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 of 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.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bidwell Riverside Center as of June 30, 2018, and the results of its operations and its cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

*Donald W. Croghan CPA, P.C.*

Donald W. Croghan, CPA, P.C.  
Knoxville, Iowa  
November 2, 2018

Bidwell Riverside Center  
 Statements of Financial Position  
 June 30, 2018

ASSETS

Current Assets	
Cash and cash equivalents	\$ 70,523
Investment in assets held at the Community of Greater Des Moines	31,252
Board designated funds	45,442
Prepaid expenses	<u>2,960</u>
Total current assets	150,177
Property and equipment, net of accumulated depreciation	<u>177,247</u>
TOTAL ASSETS	<u><u>\$ 327,424</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 6,465
Accrued expenses	<u>28,342</u>
Total current liabilities	34,807

NET ASSETS

Unrestricted	247,175
Unrestricted-Board designated	<u>45,442</u>
Total - unrestricted	292,617
Temporarily restricted	-
Permanently restricted	<u>-</u>
Total net assets	<u>292,617</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 327,424</u></u>

See notes to financial statements

Bidwell Riverside Center  
Statement of Activities  
Six months ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating revenues and support				
Contributions	\$ 119,562	\$ -	\$ -	\$ 119,562
Iowa Annual Conference	20,000	-	-	20,000
United Way	29,576	-	-	29,576
Government operating grants	189,159	-	-	189,159
Child development program fees	72,298	-	-	72,298
Investment returns	444	-	-	444
Special events	4,753	-	-	4,753
In-kind income	8,400	-	-	8,400
Other income	737	-	-	737
Net assets released from restriction	-	-	-	-
Total operating revenues and support	<u>444,929</u>	<u>-</u>	<u>-</u>	<u>444,929</u>
Expenses				
Program services				
Child Development Center	299,804	-	-	299,804
Distribution Center	129,685	-	-	129,685
Support services				
Management and general	55,883	-	-	55,883
Fundraising	19,608	-	-	19,608
Total operating expenses	<u>504,980</u>	<u>-</u>	<u>-</u>	<u>504,980</u>
Change in net assets	(60,051)	-	-	(60,051)
Net assets, December 31, 2017	<u>352,668</u>	<u>-</u>	<u>-</u>	<u>352,668</u>
Net assets, June 30, 2018	<u>\$ 292,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 292,617</u>

See notes to financial statements

Bidwell Riverside Center  
Statement of Functional Expenses  
Six months ended June 30, 2018

	Program Services		Support Services		Total
	Child Development Center	Distribution Center	Management and General	Fund Raising	
Salaries and benefits					
Salaries	\$ 185,634	\$ 75,023	\$ 33,242	\$ 11,514	\$ 305,413
Employee benefits	34,076	14,110	4,478	2,708	55,372
Payroll taxes	16,865	6,827	2,597	1,027	27,316
	<u>236,575</u>	<u>95,960</u>	<u>40,317</u>	<u>15,249</u>	<u>388,101</u>
Accounting	-	-	11,250	-	11,250
Repair & Maintenance	10,797	3,250	-	-	14,047
Supplies	979	368	-	-	1,347
Miscellaneous	881	84	-	104	1,069
Consulting/Mgt fee	-	-	360	-	360
Depreciation	8,365	8,365	-	-	16,730
Food supplies	21,229	3,153	-	15	24,397
Fundraising	-	-	-	2,226	2,226
Human Resource services	2,070	1,184	-	-	3,254
Information Technology	60	176	-	-	236
Insurance	3,300	3,300	956	-	7,556
Office supplies	689	540	-	95	1,324
Postage & shipping	84	74	-	759	917
Printing	1,104	1,104	-	1,000	3,208
Professional services	-	-	3,000	-	3,000
Professional development	420	482	-	35	937
Program activities	1,731	1,845	-	-	3,576
Telephone	1,568	1,534	-	-	3,102
Occupancy-rent	4,200	4,200	-	-	8,400
Utilities	5,213	2,882	-	-	8,095
Vehicle expense	539	1,184	-	125	1,848
Total	<u>\$ 299,804</u>	<u>\$ 129,685</u>	<u>\$ 55,883</u>	<u>\$ 19,608</u>	<u>\$ 504,980</u>

See notes to financial statements

Bidwell Riverside Center  
Statement of Cash Flows  
Six months ended June 30, 2018

Cash flows from operating activities:	
Change in net assets	\$ (60,051)
Adjustments to reconcile change in net assets to net cash (used) by operating activities	
Depreciation	16,730
(Increase) decrease in:	
Prepaid expenses	(2,306)
Investment in assets held at Community Foundation of Greater Des Moines	54,695
Increase (decrease) in:	
Accounts payable	(1,682)
Deferred income	(13,005)
Accrued expenses	<u>2,103</u>
Net cash (used) by operating activities	\$ (3,516)
Cash flows from investing activities:	
Change in board designated funds	<u>34</u>
Net cash provided by investing activities	<u>34</u>
Net (decrease) in cash and cash equivalents	(3,482)
Cash and cash equivalents, beginning of year	<u>74,005</u>
Cash and cash equivalents, end of year	<u><u>\$ 70,523</u></u>

See notes to financial statements

Bidwell Riverside Center  
**Notes to the Financial Statements**

**Note 1 Nature of Organization and Significant Accounting Policies**

Nature of Organization

Bidwell Riverside Center (the “Organization”) is organized as an Iowa Nonprofit Corporation. The Organization’s mission is to provide services to individuals and families which will meet immediate needs and to work in cooperation with those persons and the community to develop programs and policies which will promote continual improvement in their lives.

Programs offered include a Distribution Center that provides individuals and families with food, clothing, and household items and a Child Development Center which provides comprehensive education and care for children age 24 months to 5 years.

Basis of Accounting

Financial statements are prepared in accordance with U.S. GAAP.

Financial Statement Presentation

The Organization follows the recommendations of the Financial Accounting Standards Board (FASB). Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are those assets which are neither temporarily or permanently restricted by donor-imposed stipulations and represent the portion of expendable assets available for support of Organization operations. Temporarily restricted net assets represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Organizations pursuant to those stipulations. Permanently restricted net assets represent contributions or other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Direct Support

All contributions received are considered to be available for unrestricted used unless specifically restricted by donor. When the donor stipulation expires by accomplishing the purpose of the gift, temporarily restricted net assets are reported in the statement of activities as net assets released from restrictions.



Bidwell Riverside Center  
**Notes to the Financial Statements**

**Note 1 Nature of Organization and Significant Accounting Policies (continued)**

Investment in assets held at the Community Foundation of Greater Des Moines

The Organization invests funds at the Community Foundation of Greater Des Moines (CFGDM). The investment represents the Organization's interest in a pooled money market fund held by the CFGDM. The Organization reports its interest in these funds at the fair value, which is determined and provided by the CFGDM, as a component of unrestricted net assets. Changes in the fair value of the underlying funds are reported as unrestricted changes in investment return.

Property and Equipment and Depreciation

Property and Equipment are stated at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Contributions of cash that must be used to acquire property and equipment and assets donated with explicit restrictions regarding their use are reported as restricted support.

The Organization reports expirations of donor restrictions and reclassifies temporarily restricted net assets to unrestricted net assets when the donated or acquired assets are placed into service as instructed by the donor. Depreciation is calculated by the straight-line method over the following estimated useful lives:

Furniture and equipment	5-10 years
Vehicles	5-8 years
Leasehold improvements	5-30 years

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and Section 422.34 of the Iowa Code and is not a private foundation under section 509(a) of the Internal Revenue Code.

Management is unaware of any uncertain tax positions at June 30, 2018 and interest and penalties associated with income tax matters would be presented as components of income tax expense. There were no interest or penalty charges in 2018.

Functional Expense Allocations

The allocations of expenses shown on the statement of functional expenses were made first by direct allocation to program areas from supporting documentation. Salaries and directly related costs were assigned to program areas based on time reports. Other expenses such as utility costs and building repairs and maintenance were allocated using percentages determined to be the best representation of usage. Additional allocations, where possible, were prepared using estimates determined by management.

Bidwell Riverside Center  
**Notes to the Financial Statements**

**Note 1 Nature of Organization and Significant Accounting Policies (continued)**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 2 Donated Services**

The Organization receives use of the building and location of the Center under a nominal lease agreement with the Iowa Conference United Methodist Women. Terms of the agreement call for rent of one dollar per year continuing for an indefinite term on a month-to-month basis until terminated upon at least 60 days' notice by either party. For the six months ended June 30, 2018, the fair value of the annual rent of the property has been determined to be \$8,400 and it is included in contributions and expenses in the statements of activities.

A number of volunteers donate an amount of their time in various program areas, advisory boards, and committees. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer effort under FASB ASC 958 have not been satisfied.

**Note 3 Investment in Assets held at the Community Foundation of Greater Des Moines**

As required by U.S. generally accepted accounting principles, the Organization uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices in active markets for identical investments that the Organization has the ability to access at the measurement date.
- Level 2 inputs are quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; modeling with inputs that have observable inputs (i.e. interest rates observable at community quoted intervals).
- Level 3 inputs are unobservable inputs for the investments.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Bidwell Riverside Center  
**Notes to the Financial Statements**

**Note 3 Investment in Assets held at the Community Foundation of Greater Des Moines (continued)**

The Organization values its investment in assets held at the CFGDM as well as its beneficial interests granted by donors to the CFGDM using Level 3 inputs as provided to the Organization by CFGDM as there is no direct ownership of the underlying investments. However, the underlying investments in the pooled funds at the CFGDM consist of investments that have been measured by CFGDM using Level 1, Level 2 and Level 3 inputs and other investments valued using the net asset value.

The following table provides a summary of changes in fair value of the Organization's investment assets held at the CFGDM and beneficial interests for the six months ended June 30, 2018:

Beginning balance	\$ 85,947
Interest and dividends	353
Contributions	448,192
Distributions	(503,240)
Investment fees	<u>-</u>
Ending balance	<u>\$ 31,252</u>

Net investment income arising from investments at the CFGDM consisted of interest and dividend income totaling \$353 for the six months ended June 30, 2018.

Interest and dividend income	<u>\$ 353</u>
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**Note 4 Board Designated Funds**

The Board of Directors has designated funds to support the Organization's general charitable activities and projects otherwise not budgeted and provided for by the operating funds. The principal may be distributed to the operating funds of the Organization upon the approval of the majority of the Board of Directors at a meeting where a quorum is present. The income shall be distributed annually to the operating funds at the direction of the Board of Directors.

The funds are held in a money market account with a balance of \$45,442 at June 30, 2018. After June 30, 2018, the funds were transferred to certificates of deposit.

**Note 5 Fiscal Year Change**

Effective the fiscal year beginning July 1, 2018, the Organization will change from a calendar year end of December 31 to a fiscal year end of June 30. A six-month fiscal transition period from January 1, 2018, through June 30, 2018, precedes the start of the new fiscal year cycle.

Bidwell Riverside Center  
**Notes to the Financial Statements**

**Note 6 Related Parties**

The organization created a management service organization through an affiliation with Hawthorn Hill, another nonprofit organization. The management service organization, BRC-HH, is the sole member of Bidwell Riverside Center and the board members of BRC-HH also serve as board members for Bidwell Riverside Center. Expenses incurred by BRC-HH related to providing management, administrative and fundraising services are shared among the Organization and Hawthorn Hill. Management service fees allocated to the Organization totaled \$55,566 for the six months ended June 30, 2018 and is included in the salaries and benefits section of the Statement of Functional Expenses. The affiliation can be terminated by either of the members at any time.

**Note 7 Subsequent Events**

The Organization has evaluated events and transactions occurring after June 30, 2018 for the potential items required to be recognized or disclosed in the financial statements. Subsequent events were evaluated through November 2, 2018, the date the financial statements were available to be issued.