

Greensboro Urban Ministry

Financial Report
Year Ended June 30, 2012

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Independent Auditor's Report

To the Board of Directors
Greensboro Urban Ministry
Greensboro, North Carolina

We have audited the accompanying statement of financial position of Greensboro Urban Ministry (the Organization) as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the Organization's 2011 financial statements and, in our report dated September 15, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

McGladrey LLP

Greensboro, North Carolina
February 8, 2013

Greensboro Urban Ministry

Statement of Financial Position

June 30, 2012

(With Comparative Totals for June 30, 2011)

Assets	2012	2011
Cash and cash equivalents	\$ 765,156	\$ 1,039,124
Accounts receivable	35,831	80,243
Pledge receivable	1,087,658	-
Inventory and contributed goods	53,562	104,237
Prepaid expenses	18,552	14,837
Beneficial interest in endowment	3,998,470	4,022,486
Note receivable	125,000	125,000
Property held for sale	6,800	6,800
Investment in related entity	144,145	144,145
Property and equipment, net of accumulated depreciation	4,456,915	4,486,354
	\$ 10,692,089	\$ 10,023,226
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 14,254	\$ 25,754
Accrued expenses	41,950	39,070
Other liabilities	81,440	13,900
	137,644	78,724
Net Assets		
Unrestricted	7,052,571	7,334,539
Temporarily restricted	2,389,876	1,502,965
Permanently restricted	1,111,998	1,106,998
	10,554,445	9,944,502
	\$ 10,692,089	\$ 10,023,226

See Notes to Financial Statements.

Greensboro Urban Ministry

Statement of Activities

Year Ended June 30, 2012

(With Comparative Totals for Year Ended June 30, 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2012 Total	2011 Total
Revenue:					
Contributions and bequests	\$ 2,171,130	\$ 1,678,648	\$ 5,000	\$ 3,854,778	\$ 2,654,390
Food bank donations	1,553,780	-	-	1,553,780	1,568,014
Government grants	172,677	-	-	172,677	218,343
Special events:					
Crop Walk	74,370	-	-	74,370	83,834
Honor cards	292,637	-	-	292,637	269,444
Investment income (loss)	(40,269)	(42,496)	-	(82,765)	622,695
Other revenues	56,026	-	-	56,026	52,597
	4,280,351	1,636,152	5,000	5,921,503	5,469,317
Net assets released from restrictions	749,241	(749,241)	-	-	-
Total revenue	5,029,592	886,911	5,000	5,921,503	5,469,317
Expenses:					
Functional expenses:					
Program services	4,946,397	-	-	4,946,397	4,554,788
Management and general	126,796	-	-	126,796	206,570
Fund raising expenses	109,138	-	-	109,138	97,655
Total functional expenses	5,182,331	-	-	5,182,331	4,859,013
Direct expenses for special events	82,334	-	-	82,334	79,406
Rental property expenses, net	46,895	-	-	46,895	46,100
Total expenses	5,311,560	-	-	5,311,560	4,984,519
Change in net assets	(281,968)	886,911	5,000	609,943	484,798
Net assets:					
Beginning of year	7,334,539	1,502,965	1,106,998	9,944,502	9,459,704
End of year	\$ 7,052,571	\$ 2,389,876	\$ 1,111,998	\$ 10,554,445	\$ 9,944,502

See Notes to Financial Statements.

Greensboro Urban Ministry

Statement of Functional Expenses

Year Ended June 30, 2012

(With Comparative Totals for Year Ended June 30, 2011)

	Program Services					
	Emergency Assistance	Food Bank	Potters House	Pathways / Beyond Pathways	Weaver House / Winter Emergency	Partnership Village
Direct assistance	\$ 86,782	\$ 1,622,491	\$ 128,845	\$ 111,399	\$ 157,064	\$ 109,530
Personnel						
Salaries	94,510	106,042	88,256	307,025	258,356	126,693
Employee benefits	29,277	24,922	15,261	58,757	51,167	26,005
Payroll taxes	7,300	8,215	6,806	23,395	19,490	9,635
Contract labor	-	2,183	-	-	-	-
Allocation - personnel expenses	58,686	58,734	58,690	95,122	58,734	58,686
Office Expenses						
Supplies and postage	183	-	-	2,260	930	2,944
Equipment rental and maintenance	1,871	1,872	-	4,660	2,123	5,800
Telephone	1,788	2,148	1,788	6,507	2,446	3,005
Legal and accounting	-	-	-	-	-	-
Miscellaneous office expenses	501	365	-	2,891	1,311	1,091
Allocation - office expenses	17,023	17,023	17,023	34,046	17,023	17,023
Transportation	-	18,055	-	-	-	-
Building						
Utilities	-	-	-	32,325	-	-
Maintenance and repairs	-	5,968	5,706	43,996	7,293	-
Insurance	1,383	1,509	1,258	2,389	3,899	754
Security	-	-	33,048	-	67,862	-
Allocation - building expenses	30,040	44,489	60,079	4,506	146,263	-
Utility assistance fund	187,011	-	-	-	-	-
Building maintenance fund	-	-	-	-	-	-
	516,355	1,914,016	416,760	729,278	793,961	361,166
Depreciation	10,094	23,648	13,925	35,004	46,193	5,769
Total expenses	\$ 526,449	\$ 1,937,664	\$ 430,685	\$ 764,282	\$ 840,154	\$ 366,935

See Notes to Financial Statements.

Chaplaincy	Supporting Services				Total Functional Expenses	
	Total Program Services	Management and General	Fund Raising	Total Supporting Services	2012	2011
\$ 3,465	\$ 2,219,576	\$ 1,183	\$ -	\$ 1,183	\$ 2,220,759	\$ 2,167,606
-	980,882	418,045	14,515	432,560	1,413,442	1,299,908
-	205,389	57,524	-	57,524	262,913	232,954
-	74,841	25,243	1,110	26,353	101,194	91,457
73,163	75,346	41,555	-	41,555	116,901	93,160
1,200	389,852	(389,852)	-	(389,852)	-	-
-	6,317	49,858	93,157	143,015	149,332	129,983
-	16,326	34,381	-	34,381	50,707	51,638
-	17,682	2,509	147	2,656	20,338	20,950
-	-	15,000	-	15,000	15,000	16,500
-	6,159	3,133	83	3,216	9,375	4,965
1,200	120,361	(120,358)	-	(120,358)	3	-
-	18,055	-	-	-	18,055	15,559
-	32,325	82,315	-	82,315	114,640	115,825
-	62,963	177,855	-	177,855	240,818	209,390
-	11,192	1,257	126	1,383	12,575	30,442
-	100,910	-	-	-	100,910	78,961
1,200	286,577	(286,577)	-	(286,577)	-	-
-	187,011	658	-	658	187,669	159,691
-	-	150	-	150	150	18,766
80,228	4,811,764	113,879	109,138	223,017	5,034,781	4,737,755
-	134,633	12,917	-	12,917	147,550	121,258
\$ 80,228	\$ 4,946,397	\$ 126,796	\$ 109,138	\$ 235,934	\$ 5,182,331	\$ 4,859,013

Greensboro Urban Ministry

Statement of Cash Flows

Year Ended June 30, 2012

(With Comparative Totals for Year Ended June 30, 2011)

	2012	2011
Cash Flows From Operating Activities		
Change in net assets	\$ 609,943	\$ 484,798
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Depreciation	194,448	167,358
Loss on sale of property and equipment	1,365	349
Losses (gains) on beneficial interests in endowment funds	83,532	(621,859)
Changes in assets and liabilities:		
Accounts receivable	44,412	(61,598)
Pledge receivable	(1,087,658)	-
Inventory	50,675	(3,752)
Prepaid expenses	(3,715)	10,964
Accounts payable	(11,500)	(19,871)
Accrued expenses	2,880	20,217
Other liabilities	67,540	(43,592)
Net cash used in operating activities	(48,078)	(66,986)
Cash Flows From Investing Activities		
Proceeds from sale of investments	-	168,864
Transfers to endowment funds	(68,999)	(114,535)
Distributions from endowment funds	9,483	17,320
Proceeds from sale of property and equipment	-	800
Purchase of property and equipment	(166,374)	(46,844)
Net cash provided by (used in) investing activities	(225,890)	25,605
Net decrease in cash and cash equivalents	(273,968)	(41,381)
Cash and cash equivalents:		
Beginning	1,039,124	1,080,505
Ending	\$ 765,156	\$ 1,039,124

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 not-for-profit 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 Bank: Redistributes donated and surplus food from grocers, wholesalers, organizations and individuals to families and individuals who need food assistance.

Potters House: A community kitchen 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.

Beyond Pathways and Beyond GUM: Assists individuals and families with obtaining and sustaining housing with financial assistance and case management services.

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

Winter Emergency: During the winter months emergency shelter is provided at various sites for homeless single adults.

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

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

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

Presentation: Accounting principles generally accepted in the United States of America (GAAP) require that not-for-profit organizations classify and report net assets in three groups of net assets based on the existence or absence of donor-imposed restrictions and the nature of those restrictions. In accordance with GAAP, the Organization classifies and reports its net assets as unrestricted, temporarily restricted, and permanently restricted:

Unrestricted net assets: Resources related to the Organization's regular activities that are available at the discretion of the Board of Directors.

Temporarily restricted net assets: Resources that carry a donor-imposed restriction. A donor's restriction is met when a stipulated time restriction ends or a special purpose restriction is accomplished. As those restrictions are met, the contributions are released from temporarily restricted net assets and are transferred to unrestricted net assets.

Permanently restricted net assets: Contributions that carry donor-imposed restrictions on the use of the funds, which mandate that the principal be maintained in perpetuity. The principal is reported as a permanently restricted net asset. Earnings, gains and losses on permanently restricted net assets are classified as temporarily restricted net assets until appropriated for expenditure.

Greensboro Urban Ministry

Notes to Financial Statements

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

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.

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.

Pledge receivable: The Organization received an unconditional promise to give (pledge receivable) that was recognized as support in the year ended June 30, 2012. The balance of the pledge receivable at June 30, 2012 is due within one year.

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.

Donated material and services: The Organization receives a significant amount of donated material and services which do not meet the recognition criteria under GAAP. Accordingly, the value of these materials and services has not been determined and is not reflected in the accompanying financial statements.

Estimates: The preparation of financial statements in accordance with 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 Section 501(c) (3). Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Management has evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal tax authorities for years before 2009.

Greensboro Urban Ministry

Notes to Financial Statements

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

Subsequent events: All the effects of subsequent events that provide additional evidence about conditions that existed at the financial statement date, including the estimates inherent in the process of preparing the financial statements, are recognized in the financial statements. The Organization does not recognize subsequent events that provide evidence about conditions that did not exist at the financial statement date but arose after, but before the financial statements are available to be issued. In some cases, nonrecognized subsequent events are disclosed to keep the financial statements from being misleading.

The Organization has evaluated its subsequent events (occurring after June 30, 2012) through February 8, 2013, which represents the date the financial statements were available to be issued.

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, 2012, is as follows:

Beginning inventory	\$ 104,237
Contributions received	1,553,780
Amount used	<u>(1,604,455)</u>
Ending inventory	<u><u>\$ 53,562</u></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 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 Internal Revenue Code (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 \$3,998,470 at June 30, 2012.

Note 4. Note Receivable

The Organization has made a loan in the amount of \$125,000 to Greenbriar Housing, LLC. The note bears interest at the rate of two percent and is due March 15, 2029.

Note 5. Investment in Greenbriar Housing II, LLC

In 1998, the Organization exchanged land carried on the books at \$144,145 for an interest in Greenbriar Housing II, LLC that constructed and manages an affordable housing project on the property, which is used by the Partnership Village program. The Organization is a special member with an interest in the proceeds from the sale and/or refinancing of the housing project, up to the amount of the investment.

Greensboro Urban Ministry

Notes to Financial Statements

Note 6. Property And Equipment

A summary of property and equipment is as follows:

Building and improvements	\$ 5,558,484
Vehicles	55,785
Furniture and equipment	497,579
Total depreciable property and equipment	6,111,848
Accumulated depreciation	(2,490,263)
Depreciable property and equipment, net	3,621,585
Land	835,330
Total	\$ 4,456,915

Included in property and equipment are buildings leased to others with a cost of \$1,859,039 and accumulated depreciation of \$632,801 as of June 30, 2012.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2012, are available for the following purposes:

Utility assistance	\$ 1,444,572
Partnership Village Campaign	328,983
Building maintenance	242,356
Unappropriated endowment earnings (see Note 9)	373,965
	\$ 2,389,876

Note 8. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support program or supporting services. A summary of permanently restricted net assets at June 30, 2012, is as follows:

Undesignated:	
Bryan endowment	\$ 500,000
Snipes endowment	337,893
Stern endowment	10,000
Campbell endowment	5,000
Peterson endowment	100,000
Mullin endowment	52,158
	1,005,051
Designated for the Food Bank and Potters House:	
Eagle Fund endowment	106,947
	\$ 1,111,998

Greensboro Urban Ministry

Notes to Financial Statements

Note 9. Endowment Fund

The Organization's endowment consists of a single fund established to support general activities and special projects. The endowment consists of funds designated by the Board of Directors (BOD) and donor-restricted funds. As required by 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 BOD of the Organization have 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 as permanently restricted net assets (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 in permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are 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, 2012.

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.

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 five percent 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 five percent plus inflation.

Greensboro Urban Ministry

Notes to Financial Statements

Note 9. Endowment Fund (Continued)

Endowment net asset composition by type of fund as of June 30, 2012, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted	\$ -	\$ 373,965	\$ 1,111,998	\$ 1,485,963
Board-designated	2,512,507	-	-	2,512,507
	<u>\$ 2,512,507</u>	<u>\$ 373,965</u>	<u>\$ 1,111,998</u>	<u>\$ 3,998,470</u>

Changes in endowment net assets for the fiscal year ended June 30, 2012, are as follows:

Description	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2011	\$ 2,497,264	\$ 418,224	\$ 1,106,998	\$ 4,022,486
Investment income (loss):				
Dividends	74,055	51,301	-	125,356
Unrealized depreciation	(88,834)	(74,734)	-	(163,568)
Management fees	(26,257)	(19,063)	-	(45,320)
Total investment income (loss)	(41,036)	(42,496)	-	(83,532)
Contributions	-	-	5,000	5,000
Transfers to endowments	63,999	-	-	63,999
Appropriations for expenditures	(7,720)	(1,763)	-	(9,483)
Endowment net assets, June 30, 2012	<u>\$ 2,512,507</u>	<u>\$ 373,965</u>	<u>\$ 1,111,998</u>	<u>\$ 3,998,470</u>

Note 10. Fair Value Measurements

GAAP establish 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 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.

Greensboro Urban Ministry

Notes to Financial Statements

Note 10. Fair Value Measurements (Continued)

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 based on the Organization's share of the value of the underlying investments in the pool as reported by the community foundation holding the funds. The underlying investments in the pool consist primarily of marketable equity and debt securities.

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, 2012			
	Level 1	Level 2	Level 3	Total
Beneficial interest in endowment	\$ -	\$ -	\$ 3,998,470	\$ 3,998,470

The table below sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2012.

	Beneficial Interest in Endowment
Balance at July 1, 2011	\$ 4,022,486
Investment income	80,036
Unrealized depreciation	(163,568)
Transfers in	68,999
Transfers out	(9,483)
Balance at June 30, 2012	<u>\$ 3,998,470</u>

Note 11. Retirement Plan

The Organization has a defined contribution retirement plan covering all eligible employees. The Organization matches employee contributions up to a maximum of three percent of salaries. Total matching contributions were approximately \$23,000 for the year ended June 30, 2012.

Greensboro Urban Ministry

Notes to Financial Statements

Note 12. 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, consists of the following for the year ended June 30, 2012:

Rental income	\$	3
Depreciation expense on rental buildings		(46,898)
Rental property expenses, net	\$	<u>(46,895)</u>

Note 13. Functional Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.