

**COOPERATIVE DOWNTOWN MINISTRIES, INC.
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2021**



	Page
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-14
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	17-18
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	19-21
Schedule of Findings and Questioned Costs	22
Summary Schedule of Prior Year Findings	23



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Cooperative Downtown Ministries, Inc.
Birmingham, Alabama

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cooperative Downtown Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of Cooperative Downtown Ministries, Inc. as of December 31, 2021, and the change 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Cooperative Downtown Ministries, Inc. 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.

Management's Responsibilities 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 Cooperative Downtown Ministries, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's 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 GAAS and *Government 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 an 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Cooperative Downtown Ministries, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cooperative Downtown Ministries, Inc.'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.

Report on Supplementary Information

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

Report on Summarized Comparative Information

We have previously audited Cooperative Downtown Ministries, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022 on our consideration of Cooperative Downtown Ministries, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cooperative Downtown Ministries, Inc.'s internal control over financial reporting and compliance.



Haynes Downard LLP
Birmingham, Alabama

June 24, 2022



COOPERATIVE DOWNTOWN MINISTRIES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH SUMMARIZED INFORMATION AS OF DECEMBER 31, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 942,049	\$ 1,268,854
Grants receivable	350,206	285,541
Contributions receivable, net	963,855	1,721,304
Other receivables	945	540
Certificate of deposit	12,627	12,618
Prepaid expenses and other assets	35,048	35,072
Property and equipment, net	<u>6,795,847</u>	<u>6,976,836</u>
Total Assets	<u><u>\$ 9,100,577</u></u>	<u><u>\$ 10,300,765</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 110,122	\$ 46,413
Bond payable	940,195	2,765,567
Note payable	<u>500,000</u>	<u>-</u>
Total liabilities	1,550,317	2,811,980
Net Assets		
Without donor restrictions	7,410,721	7,488,785
With donor restrictions	<u>139,539</u>	<u>-</u>
Total net assets	<u>7,550,260</u>	<u>7,488,785</u>
Total Liabilities and Net Assets	<u><u>\$ 9,100,577</u></u>	<u><u>\$ 10,300,765</u></u>



COOPERATIVE DOWNTOWN MINISTRIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and Gains				
Grants	\$ 1,857,357	\$ -	\$ 1,857,357	\$ 1,521,829
Contributions	527,548	178,515	706,063	573,193
Contributed products	601,561	-	601,561	506,870
Program revenue	155,081	-	155,081	143,873
Fundraising support, net of direct benefit	56,928	-	56,928	7,863
Interest income	11	-	11	44
Other income	32,585	-	32,585	12,500
PPP funding	168,730	-	168,730	168,700
Released from restrictions	38,976	(38,976)	-	-
Total revenues and gains	3,438,777	139,539	3,578,316	2,934,872
Expenses and Losses				
Program services	3,152,164	-	3,152,164	2,622,644
Supportive services	364,677	-	364,677	192,571
Total expenses	3,516,841	-	3,516,841	2,815,215
Loss on uncollectible contributions receivable	-	-	-	223,640
Loss on disposal of property and equipment	-	-	-	150,557
Total expenses and losses	3,516,841	-	3,516,841	3,189,412
Change in Net Assets	(78,064)	139,539	61,475	(254,540)
Net assets, beginning of year	7,488,785	-	7,488,785	7,743,325
Net assets, end of year	<u>\$ 7,410,721</u>	<u>\$ 139,539</u>	<u>\$ 7,550,260</u>	<u>\$ 7,488,785</u>



COOPERATIVE DOWNTOWN MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	Program Services			Supportive Services				
	Emergency Shelter Programs	Housing Programs	Total	Management and General	Fundraising	Total	2021 Totals	2020 Totals
Salaries and related	\$ 442,558	\$ 628,787	\$ 1,071,345	\$ 116,625	\$ 46,156	\$ 162,781	\$ 1,234,126	\$ 957,476
Program supplies	336,139	309,289	645,428	-	-	-	645,428	547,672
Apartment rental	-	457,734	457,734	-	-	-	457,734	404,876
Repairs and maintenance	37,769	265,381	303,150	455	-	455	303,605	188,576
Depreciation	83,158	104,681	187,839	17,620	-	17,620	205,459	163,980
Utilities	76,385	108,967	185,352	93	-	93	185,445	170,315
Professional services	94,458	952	95,410	53,296	-	53,296	148,706	99,553
Insurance	19,613	51,841	71,454	24,002	559	24,561	96,015	82,049
Bad debts	44,063	18,848	62,911	-	-	-	62,911	223,640
Interest	-	-	-	46,397	-	46,397	46,397	72,916
Office expense	19,955	6,202	26,157	18,465	-	18,465	44,622	39,321
Other expenses	-	2,494	2,494	28,458	6,272	34,730	37,224	24,970
Vehicles and travel	4,018	17,008	21,026	2,181	-	2,181	23,207	11,864
Telephone and internet	11,227	10,231	21,458	478	-	478	21,936	23,861
Printing and publications	406	-	406	2,773	447	3,220	3,626	24,703
Taxes and licenses	-	-	-	400	-	400	400	2,983
	<u>\$ 1,169,749</u>	<u>\$ 1,982,415</u>	<u>\$ 3,152,164</u>	<u>\$ 311,243</u>	<u>\$ 53,434</u>	<u>\$ 364,677</u>	<u>\$ 3,516,841</u>	<u>\$ 3,038,755</u>

See notes to financial statements.

COOPERATIVE DOWNTOWN MINISTRIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020)

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 61,475	\$ (254,540)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	205,459	163,980
Decrease in present value discount on contributions receivable	(103,896)	(72,262)
Write off of uncollectible contributions receivable	-	223,640
Loss on disposal of property and equipment	-	150,557
Changes in assets and liabilities that provided (used) cash:		
Grants receivable	(64,665)	(83,700)
Contributions receivable	861,345	1,086,606
Other receivables	(405)	(160)
Prepaid expenses	24	450
Accounts payable	63,709	(701,234)
Net cash provided by operating activities	1,023,046	513,337
Cash Flows from Investing Activities		
Purchase of property and equipment	(24,470)	(947,926)
Proceeds from sale of property and equipment	-	44,972
Interest reinvested in certificates of deposit	(9)	(42)
Net cash (used in) investing activities	(24,479)	(902,996)
Cash Flows from Financing Activities		
Principal payments on note payable	-	(11,900)
Principal payments on bond payable	(1,825,372)	(680,000)
Proceeds from bond payable	-	900,000
Proceeds from program loan	500,000	-
Net cash (used in) provided by financing activities	(1,325,372)	208,100
Net Change in Cash and Cash Equivalents	(326,805)	(181,559)
Cash and cash equivalents, beginning of year	1,268,854	1,450,413
Cash and cash equivalents, end of year	\$ 942,049	\$ 1,268,854
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of amount capitalized	\$ 44,273	\$ 72,324



COOPERATIVE DOWNTOWN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Cooperative Downtown Ministries, Inc., also known as “Firehouse Shelter” or “Firehouse Ministries” (“Firehouse”), is a non-profit organization, incorporated in 1985. Firehouse was formed to provide comprehensive support to those experiencing homelessness in the Birmingham and surrounding areas.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“GAAP”). Resources are classified based on the existence and nature of any donor-imposed restrictions, and are classified into two net asset categories:

Net Assets Without Donor Restrictions – resources which are not subject to donor-imposed restrictions. This classification includes all revenues, gains, and losses, not restricted by donors. All expenses are reported as decreases in net assets without donor restrictions.

Net Assets With Donor Restrictions – resources which are subject to donor-imposed restrictions that limit the use of the donated assets and will be met either by actions of Firehouse or the passage of time. Expirations of restrictions on net assets are reported as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents

Firehouse considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value.

Grants Receivable

Grants receivable represents amounts due under contractual agreements with various federal, state, and local government agencies. Management estimates the allowance for doubtful accounts based on historical experience and current economic conditions. No allowance was necessary as of December 31, 2021.



COOPERATIVE DOWNTOWN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Firehouse follows the practice of capitalizing all expenditures for fixed assets greater than \$5,000 with a useful life of greater than one year. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets which are as follows:

<u>Description</u>	<u>Useful Life (Years)</u>
Land improvements	10 - 40
Buildings and improvements	10 - 40
Furniture and equipment	3 -10
Vehicles	5

Property and equipment acquired under grant agreements are considered to be owned by Firehouse. However, funding sources may maintain equitable interest in the property purchased with grant funds as well as the right to determine the use of any proceeds from the sale of those assets.

Impairment of Long-Lived Assets

Impairment losses on long-lived assets used in operations are recognized when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying values. No such losses have been recognized for the periods presented.

Revenue Recognition

Revenue from nonreciprocal grants and contributions are recognized upon receipt of an unconditional commitment from the donor. Grants and contributions may also be considered conditional if (a) there is both a measurable barrier that must be overcome before Firehouse is entitled to receive the funds and (b) there is a right of return to the resource provider. Revenues from conditional awards are not recognized until such conditions have been satisfied. Amounts received prior to satisfying such conditions are reported as a refundable advance until earned.

Contributed products are recognized at the time of the donation and are valued at the estimated purchase price to acquire identical or similar assets in the United States. Firehouse's policy is to utilize the assets to carry out its mission. If a donated asset is unable to be used in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Contributed services are recognized as revenue if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased if not donated. Contributed services are valued based on current rates for similar services.

Program revenue consist of rental and occupancy income from Housing Programs and is recognized as the related services are provided. Revenues from fundraising events are recognized upon completion of the related event.



COOPERATIVE DOWNTOWN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Expense Allocation

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

Compensated Absences

Employees are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. Firehouse's policy is to recognize the cost of compensated absence when actually paid.

Income Taxes

Cooperative Downtown Ministries, Inc. is a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Information returns are subject to examination, generally for three years after the filing date.

Newly Adopted Accounting Standards

Effective January 1, 2021, Firehouse adopted Accounting Standards Update (ASU) No. 2020-07, *"Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets"*. The amendments are intended to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. Adoption of this standard resulted in additional disclosures as described in Note 9.

Recent Accounting Pronouncements

Beginning January 1, 2022, Firehouse will be required to adopt ASU No. 2016-02, *"Leases"*. The amendments require rights and obligations arising from leasing contracts, including existing arrangements, as assets and liabilities in the statement of financial position. Management is currently evaluating the effect of adopting this new standard.

Summarized Comparative Information

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements as of and for the year ended December 31, 2020, from which the information was derived.



COOPERATIVE DOWNTOWN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Evaluation of Subsequent Events

Firehouse evaluates events occurring subsequent to the statement of financial position date to determine if recognition in the financial statements or disclosure is appropriate. Subsequent events have been evaluated through June 24, 2022, which is the date the financial statements were available to be issued.

NOTE 2. CONCENTRATIONS AND CREDIT RISKS

Firehouse receives a substantial portion of its revenue from grants provided by the U.S. Department of Housing and Urban Development (HUD), both directly and indirectly. Reductions in funding from these sources would have a significant impact on Firehouse.

Firehouse maintains its cash in accounts with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits. The total uninsured balance was approximately \$880,000 as of December 31, 2021.

Unconditional promises to give from three different donors comprise greater than 50% of contributions receivable as of December 31, 2021.

NOTE 3. CERTIFICATE OF DEPOSIT

During 2021, Firehouse renewed its certificate of deposit, which has an interest rate of 0.08% and will mature in November 2022.

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable, which consist of unconditional promises to give, were as follows as of December 31, 2021:

Amounts expected to be collected:	
within one year	\$ 716,400
between one year and five years	<u>411,250</u>
Total contributions receivable	1,127,650
Less: allowance for uncollectibles	(149,236)
Less: present value discount	<u>(14,559)</u>
Contributions receivable, net	<u><u>\$ 963,855</u></u>

Amounts expected to be collected between one and five years have been discounted to present value using an interest rate of 3.0%.



COOPERATIVE DOWNTOWN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

Land	\$ 100,140
Land improvements	31,504
Buildings and improvements	7,435,268
Equipment and furniture	49,436
Vehicles	<u>60,096</u>
	7,676,444
Less: accumulated depreciation	<u>(880,597)</u>
Property and equipment, net	<u><u>\$ 6,795,847</u></u>

NOTE 6. BOND PAYABLE

On January 15, 2019, The Special Care Facilities Financing Authority of the City of Birmingham - General ("Authority") issued Revenue Bond - Firehouse Ministries Project, Series 2019, in the principal amount of \$6,000,000. The Series 2019 bond was issued for the purpose of financing construction of Firehouse's new facility in Birmingham, Alabama. Payments of interest only were made during the Construction phase (January 15, 2019 through January 31, 2020). Beginning February 2020, Firehouse is obligated to make payments in amounts sufficient to reduce the outstanding principal to the following amounts by the designated dates:

January 1, 2021	\$ 5,000,000
January 1, 2022	4,000,000
January 1, 2023	3,000,000
January 1, 2024	2,000,000
January 1, 2025	1,000,000
January 1, 2026	-

Required principal payments on amounts outstanding as of December 31, 2021:

2022	\$ -
2023	-
2024	-
2025	-
2026	<u>940,195</u>
Total bond payable	<u><u>\$ 940,195</u></u>

Interest is payable monthly and is charged at an annual fixed rate of 2.44%.



COOPERATIVE DOWNTOWN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 7. NOTE PAYABLE

In March 2021, Firehouse entered into a note payable agreement in the amount of \$500,000 with the Federal Home Loan Bank of Atlanta to finance construction costs of the emergency shelter facility under the Affordable Housing Program (AHP). Under the AHP, the constructed facility must be used for emergency shelter services and cannot be sold or transferred for a period of 15 years. The note does not require payments of principal and interest so long as Firehouse is in compliance with the terms of the agreement, which expires in March 2036.

NOTE 8. NET ASSETS

Net assets with donor restrictions were restricted for the following purposes as of December 31, 2021:

Emergency Shelter operations	\$ 121,346
Equipment purchases	<u>18,193</u>
Net assets with donor restrictions	<u><u>\$ 139,539</u></u>

Net assets were released from donor restrictions in satisfaction of the following purposes during the year ended December 31, 2021:

Emergency Shelter operations	<u>\$ 38,976</u>
Released from restrictions	<u><u>\$ 38,976</u></u>

NOTE 9. CONTRIBUTED PRODUCTS

Revenue from contributed products, all of which were utilized in program services, consisted of the following during the year ended December 31, 2021:

	<u>Housing Programs</u>	<u>Shelter Programs</u>	<u>Total</u>
Food	\$ 198,465	\$ 180,794	\$ 379,259
Clothing	70,267	73,135	143,402
Supplies	<u>38,739</u>	<u>40,161</u>	<u>78,900</u>
Total contributed products	<u><u>\$ 307,471</u></u>	<u><u>\$ 294,090</u></u>	<u><u>\$ 601,561</u></u>

A substantial number of unpaid volunteers have made significant contributions of their time to operate the programs of the Organization. Management estimates that over 18,000 volunteer hours were donated during the years ended December 31, 2021. The value of this contributed time is not reflected in the accompanying financial statements as the criteria for recognition has not been met.



COOPERATIVE DOWNTOWN MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 10. OPERATING LEASES

Firehouse leases certain equipment and apartment space under operating leases. Generally, the lease terms are less than one year.

NOTE 11. RETIREMENT PLAN

Firehouse has a defined contribution plan qualifying under Section 403(b) of the Internal Revenue Code. Under the plan, Firehouse contributes an amount equal to a certain percentage of salary to the accounts of all employees who are at least twenty-one years old, have one year service, and work at least one thousand hours per year.

Employer matching contributions under the plan totaled \$9,445 for the year ended December 31, 2021.

NOTE 12. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

Financial assets and liquidity resources available within one year for general expenditures were as follows as of December 31, 2021:

Cash and cash equivalents	\$ 942,049
Grants receivable	350,206
Contributions receivable, current portion	716,400
Other receivables	945
Certificates of deposit	<u>12,627</u>
Financial assets available within one year	2,022,227
Less: net assets with donor restrictions	<u>(139,539)</u>
Financial assets available within one year - without donor restrictions	<u><u>\$ 1,882,688</u></u>

NOTE 13. PAYCHECK PROTECTION PROGRAM

Firehouse received a refundable advance in the amount of \$168,730, under the Paycheck Protection Program ("PPP"), established by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Under the terms of the PPP, the use of the proceeds for qualifying expenses and the meeting of certain requirements provide for an unconditional promise to forgive the advance. Having satisfied the conditions for forgiveness, Firehouse has recognized revenue in the amount of \$168,730 for the year ended December 31, 2021.



SUPPLEMENTARY INFORMATION



**COOPERATIVE DOWNTOWN MINISTRIES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor / Program Title	Pass-through Grantor	CFDA Number	Award Identifier	Federal Expenditures
U.S. Department of Housing and Urban Development				
Continuum of Care Program	Direct	14.267	AL0001L4C002013	\$ 61,971
Continuum of Care Program	Direct	14.267	AL0001L4C001912	664,263
Continuum of Care Program	Direct	14.267	AL0006L4C002013	19,320
Continuum of Care Program	Direct	14.267	AL0006L4C001912	205,981
Continuum of Care Program	Direct	14.267	AL0003L4C002013	42,940
Continuum of Care Program	Direct	14.267	AL0003L4C001912	85,894
Total Continuum of Care Program				<u>1,080,369</u>
(COVID-19) Emergency Solutions Grants Program	City of Birmingham	14.231	CD035GR	307,327
(COVID-19) Emergency Solutions Grants Program	OneRoof	14.231	HESG19-CV-CW-OR	212,000
Emergency Solutions Grants Program	Jefferson County	14.231	HESG20-ES-CDM	9,463
Total Emergency Solutions Grant Program				<u>528,790</u>
Total U.S. Department of Housing and Urban Development				<u>1,609,159</u>
U.S. Department of Homeland Security				
Emergency Food and Shelter National Board Program	United Way	97.024	Phase 38	<u>32,683</u>
Total U.S. Department of Homeland Security				<u>32,683</u>
Total Federal Expenditures				<u><u>\$ 1,641,842</u></u>

COOPERATIVE DOWNTOWN MINISTRIES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal expenditures of Cooperative Downtown Ministries, Inc. (the "Organization") under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Cooperative Downtown Ministries, Inc.

For the purposes of the Schedule, federal award expenditures include all grants, contracts, and similar agreements entered into directly between the Organization and agencies and departments of the federal government and all subawards provided to the Organization by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Organization has elected to use the 10-percent de minimis cost rate as allowed under the Uniform Guidance.

NOTE 3. AWARDS TO SUBRECIPIENTS

The Organization did not provide any federal awards to subrecipients from the federal expenditures reported in the Schedule.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Cooperative Downtown Ministries, Inc.
Birmingham, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cooperative Downtown Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Haynes Downard LLP

Haynes Downard LLP
Birmingham, Alabama

June 24, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Cooperative Downtown Ministries, Inc.
Birmingham, Alabama

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cooperative Downtown Ministries, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Cooperative Downtown Ministries, Inc.'s major federal program for the year ended December 31, 2021. Cooperative Downtown Ministries, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cooperative Downtown Ministries, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cooperative Downtown Ministries, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Cooperative Downtown Ministries, Inc.'s compliance with the compliance requirements referred to above.

Management's Responsibilities for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cooperative Downtown Ministries, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cooperative Downtown Ministries, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Cooperative Downtown Ministries, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Cooperative Downtown Ministries, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cooperative Downtown Ministries, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Cooperative Downtown Ministries, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



Purpose of this Report

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



Haynes Downard LLP
Birmingham, Alabama

June 24, 2022



**COOPERATIVE DOWNTOWN MINISTRIES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified	
Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major program:

Name of Federal Program or Cluster

CFDA Number

Continuum of Care Program

14.267

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

\$ 750,000

Auditee qualified as a low-risk auditee?

☒ Yes ☐ No

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

None reported.

SECTION III - MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS AND QUESTIONED COSTS

None reported.



**COOPERATIVE DOWNTOWN MINISTRIES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021**

SECTION I – FINANCIAL STATEMENT AUDIT FINDINGS

None reported.

SECTION II – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.

