

UrbanPromise Ministries, Inc.
Financial Statements
For the Years Ended
June 30, 2019 and 2018

UrbanPromise Ministries, Inc.
Years Ended June 30, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors of UrbanPromise Ministries, Inc.
P.O. Box 1479
Camden, NJ 08105

We have audited the accompanying financial statements of UrbanPromise Ministries, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UrbanPromise Ministries, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baratz & Associates, P.A.
BARATZ & ASSOCIATES, P.A.

September 23, 2019

Urban Promise Ministries, Inc.
Statements of Financial Position
As of June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 312,887	\$ 203,367
Childrens' direct benefit money market funds	6,963	6,963
Tuition and other receivables	20,433	128,994
Prepaid expenses	15,533	33,500
Contributions receivable	87,843	107,297
Grants receivable, current portion	471,212	98,000
Due from related organizations	-	12,291
Total Current Assets	914,871	590,412
Net Property and Equipment	4,430,069	4,107,759
Other Assets		
Grants receivable, less current portion	323,450	-
Total Assets	\$ 5,668,390	\$ 4,698,171
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 324,491	\$ 292,613
Deferred tuition and grants	18,125	5,762
Due to related organizations	32,686	25,212
Line of credit	-	466,000
Current portion of debt	109,687	98,111
Total Current Liabilities	484,989	887,698
Long-Term Debt, Net of Current Portion	1,494,693	1,131,831
Total Liabilities	1,979,682	2,019,529
Net Assets		
Without Donor Restrictions	2,560,511	2,099,785
With Donor Restrictions	1,128,197	578,857
Total Net Assets	3,688,708	2,678,642
Total Liabilities and Net Assets	\$ 5,668,390	\$ 4,698,171

Urban Promise Ministries, Inc.
Statements of Activities
Years ended June 30, 2019 and 2018

	2019			2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue						
Tuition and fees	\$ 200,736	\$ -	\$ 200,736	\$ 255,645	\$ -	\$ 255,645
Grants, contributions, and special events	4,245,546	870,447	5,115,993	3,143,543	52,516	3,196,059
Rental income	18,065	-	18,065	22,063	-	22,063
Contributed services and supplies	361,759	-	361,759	319,288	-	319,288
Investment income	1,101	-	1,101	718	-	718
Other revenue	59,369	-	59,369	40,576	-	40,576
Total revenue	<u>4,886,576</u>	<u>870,447</u>	<u>5,757,023</u>	<u>3,781,833</u>	<u>52,516</u>	<u>3,834,349</u>
 Net Assets Released From Restriction	 <u>321,107</u>	 <u>(321,107)</u>	 <u>-</u>	 <u>518,747</u>	 <u>(518,747)</u>	 <u>-</u>
Total support and revenue	<u>5,207,683</u>	<u>549,340</u>	<u>5,757,023</u>	<u>4,300,580</u>	<u>(466,231)</u>	<u>3,834,349</u>
 Expenses						
Program services	3,829,659	-	3,829,659	3,350,368	-	3,350,368
Management and general	406,031	-	406,031	353,812	-	353,812
Fundraising	511,267	-	511,267	519,676	-	519,676
Total expenses	<u>4,746,957</u>	<u>-</u>	<u>4,746,957</u>	<u>4,223,856</u>	<u>-</u>	<u>4,223,856</u>
 Change in Net Assets For The Year	 460,726	 549,340	 1,010,066	 76,724	 (466,231)	 (389,507)
 Net Assets at Beginning of Year	 <u>2,099,785</u>	 <u>578,857</u>	 <u>2,678,642</u>	 <u>2,023,061</u>	 <u>1,045,088</u>	 <u>3,068,149</u>
 Net Assets at End of Year	 <u>\$ 2,560,511</u>	 <u>\$ 1,128,197</u>	 <u>\$ 3,688,708</u>	 <u>\$ 2,099,785</u>	 <u>\$ 578,857</u>	 <u>\$ 2,678,642</u>

The accompanying notes are an integral part of these financial statements

Urban Promise Ministries, Inc.
Statements of Functional Expenses
Years ended June 30, 2019 and 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,917,137	79,408	272,256	2,268,801	\$ 1,771,766	\$ 73,387	\$ 251,612	\$ 2,096,765
Employee Benefits	324,965	13,460	46,149	384,574	246,525	10,211	35,010	291,746
Payroll Taxes	182,653	7,565	25,939	216,157	144,128	5,970	20,468	170,566
	<u>2,424,755</u>	<u>100,433</u>	<u>344,344</u>	<u>2,869,532</u>	<u>2,162,419</u>	<u>89,568</u>	<u>307,090</u>	<u>2,559,077</u>
Advertising and marketing	580	111	4,835	5,526	2,701	514	22,503	25,718
In-kind contributions	318,307	11,133	33,400	362,840	247,038	15,440	46,320	308,798
Direct fundraising costs	7	-	484	491	267	-	17,505	17,772
Interest expense	-	77,544	-	77,544	-	89,547	-	89,547
Legal and accounting	-	72,979	-	72,979	-	25,534	-	25,534
Occupancy	348,607	39,841	9,960	398,408	299,380	34,215	8,554	342,149
Office expense	50,454	41,280	61,156	152,890	36,405	29,785	44,126	110,316
Other direct programming expense	442,576	8,748	20,412	471,736	337,188	5,324	12,423	354,935
Postage and printing	17,938	5,623	3,213	26,774	6,106	1,914	1,094	9,114
Professional fees	320	13,440	18,239	31,999	715	30,046	40,777	71,538
Telephone	11,638	3,816	3,625	19,079	15,722	5,155	4,897	25,774
Training and conferences	1,027	9,302	488	10,817	620	5,612	294	6,526
Transportation expense	61,564	338	5,750	67,652	95,662	526	8,935	105,123
	<u>1,253,018</u>	<u>284,155</u>	<u>161,562</u>	<u>1,698,735</u>	<u>1,041,804</u>	<u>243,612</u>	<u>207,428</u>	<u>1,492,844</u>
Depreciation	151,886	21,443	5,361	178,690	146,145	20,632	5,158	171,935
	<u>\$ 3,829,659</u>	<u>\$ 406,031</u>	<u>\$ 511,267</u>	<u>\$ 4,746,957</u>	<u>\$ 3,350,368</u>	<u>\$ 353,812</u>	<u>\$ 519,676</u>	<u>\$ 4,223,856</u>

The accompanying notes are an integral part of these financial statements

Urban Promise Ministries, Inc.
Statements of Cash Flows
Years ended June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,010,066	\$ (389,507)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	178,690	171,935
Donation of building	(478,000)	-
Changes in assets and liabilities:		
Tuition and other receivables	108,561	(11,815)
Prepaid expenses	17,967	(7,306)
Contributions receivable	19,454	271,537
Grant receivable	(696,662)	337,630
Due from related organizations	12,291	(11,599)
Accounts payable and accrued expenses	31,878	(56,835)
Deferred tuition and grants	12,363	1,239
Due to related organizations	7,474	(72,498)
Net cash provided by operating activities	224,082	232,781
Cash Flows from Investing Activities		
Purchase of property and equipment	(23,000)	(35,898)
Cash Flows from Financing Activities		
Repayments on line of credit	-	(22,100)
Proceeds from related party loan	-	(100,000)
Principal payments on long-term debt	(91,562)	(112,439)
Net cash used in financing activities	(91,562)	(234,539)
Net increase (decrease) in cash and cash equivalents	109,520	(37,656)
Cash, Cash Equivalents, and Restricted Cash, Beginning	210,330	247,986
Cash, Cash Equivalents, and Restricted Cash, Ending	\$ 319,850	\$ 210,330

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

1. Summary of Significant Accounting Policies

The significant accounting policies followed by UrbanPromise Ministries, Inc. (“UrbanPromise” or the “Organization”) are described below to enhance the usefulness of the accompanying financial statements. These accounting policies conform with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Operations

UrbanPromise is incorporated under the non-profit corporation laws of the State of New Jersey. UrbanPromise’s mission is to equip the City of Camden’s children and young adults with the skills necessary for academic achievement, life management, spiritual growth, and leadership. They strive to fulfill this mission through after-school programs, summer camps, two schools, experiential learning, job training, and a host of other programs that challenge youth to develop and realize their potential.

Basis of Presentation

In accordance with generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that expire by the passage of time or can be fulfilled or removed by actions pursuant to the stipulations. They include gifts restricted by donors for specific programs and other operating purposes. And net assets subject to donor-imposed stipulations that are required to be maintained permanently, thereby restricting the use of principal. Normally, donor-imposed stipulations allow part or all of the income earned to be used currently.

Basis of Accounting

The Financial statement of UrbanPromise have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates

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

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Management believes that there are no material differences between the recorded book values of its financial instruments and their estimated fair value.

The Organization adopted on a prospective basis certain required provisions of the Fair Value Measurement topic of the FASB Accounting Standards Codification. These provisions define fair value, specify a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures, and expand related disclosure requirements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three levels of inputs to fair value measurements; Level 1, meaning the use of quoted prices for identical instruments in active markets; Level 2, meaning the use of quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active or are directly or indirectly observable; and Level 3, meaning the use of unobservable inputs. Observable market data should be used when available. Many, but not all, of our financial instruments are carried at fair value. The adoption of these provisions did not have a significant impact on these financial statements.

Cash and Cash Equivalents

Cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Cash	\$312,887	\$203,367
Cash-Children's Direct Benefit Fund	<u>6,963</u>	<u>6,963</u>
Total cash, cash equivalents, and restricted cash	<u>\$319,850</u>	<u>\$210,330</u>

For the purposes of the statement of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables

Tuition, contributions and grants receivables include all receivables related to student transactions, contributions and grants, net of allowances as of June 30, 2019 and 2018, respectively. The allowance for doubtful accounts is based upon management's judgment, including factors such as historical collection rates and type of receivable. As of June 30, 2019 and 2018, the allowance for doubtful accounts was \$8,000 and \$30,686, respectively.

Student Tuition and Fees

Student tuition revenue is reported at the net realizable amounts received from students.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

Property and Equipment

It is the Organization's policy to capitalize property and equipment at cost. Property and equipment is depreciated using the straight-line method over the estimated useful life of the asset. Buildings and related improvements are depreciated using the straight-line method over a period of 39 years. Depreciation on vehicles and office equipment is recorded using the straight-line method over the estimated useful lives of assets, generally five to seven years. UrbanPromise follows the practice of capitalizing, at cost, all expenditures for equipment and improvements in excess of \$1,000.

Impairment of Long-Lived Assets

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization assesses recoverability by comparing the estimated undiscounted cash flows associated with the related asset or group of assets against their respective carrying amounts. The amount of impairment, if any, is calculated based on the excess of the carrying amount over the fair value of those assets.

Deferred Revenues

Deferred tuition and grants include all revenues related to student transactions and grants that are paid, in advance, and relate to the following fiscal year. As of June 30, 2019 and 2018, amounts recognized as deferred revenue were \$18,125 and \$5,762, respectively.

Contributions

In accordance with authoritative guidance, the Organization records certain promises to give as revenue when the promise is made. In addition, unconditional promises to give (pledges) are recorded as receivables and revenues and categorized in accordance with donor-imposed restrictions. Donor-restricted contributions are reported as without donor restrictions operating revenue when the restriction is satisfied within the same year that the contribution is received.

Contributions are reported as an increase in the appropriate net asset category in the year received. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value using their net present value. The discount is computed using a credit-adjusted interest rate. Conditional promises to give are not included as support until such time as the conditions are substantially met.

In-Kind Contributions

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their values in the period received. As of June 30, 2019 and 2018 UrbanPromise recognized \$839,759 and \$319,288 of noncash assets and donated services, respectively, which includes a building, guidance counseling, laptops, desktops, food and beverages for staff and annual golf tournament.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

Expenses

The Organization allocates expenses among its program, administrative services, and fundraising. Expenses that can be identified with a specific program, administrative service, or fundraising are charged directly. Other expenses that are common to several functions are allocated based on various statistical bases. The administrative expenses include costs related to real property, joint venture, and administrative functions.

Grants

Grants that represent unconditional promises to give are recognized as revenues when the promise is received. Grants are recorded at net realizable value. The Organization believes that grants receivable at June 30, 2019 and 2018 will be fully collected. Accordingly, no allowance for doubtful accounts is required.

Advertising Costs

The cost for advertising is expensed as incurred. The total advertising expense for the years ended June 30, 2019 and 2018 is \$5,526 and \$25,718, respectively.

Reclassification

Certain prior year amounts have been reclassified to conform with current year financial statement presentation.

Subsequent Events

The Organization evaluated events for recognition on disclosure through September 23, 2019, which is the date the financial statements were available to be issued.

New Accounting Pronouncement

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of Urban Promise Ministries, Inc.'s financial statements:

- a. The restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- b. The unrestricted net asset class has been renamed net assets without donor restrictions.
- c. The financial statements include a new disclosure about liquidity and availability of resources (Note 7)
- d. The financial statements include a required statement of functional expenses on Page 4.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

The changes have the following effect on net assets at June 30, 2018:

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 2,099,785	\$ -
Temporarily restricted net assets	578,857	-
Permanently restricted net assets	-	-
Net assets without donor restrictions	-	2,099,785
Net assets with donor restrictions	-	578,857
	\$ 2,678,642	\$ 2,678,642

2. Contributions Receivable

Contributions receivable to the Organization is due to be received as follows at June 30:

	<u>2019</u>	<u>2018</u>
Receivables in less than one year	\$87,843	\$107,297
Total unconditional promises to give	\$87,843	\$107,297

3. Grants Receivable

Grant receivable to the Organization is due to be received as follows:

Years ending June 30:	2020	\$ 471,212
	2021	273,450
	2022	25,000
	2023	25,000
		\$ 794,662

4. Property and Equipment

Property and Equipment as of June 30, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Buildings	\$5,092,493	\$4,614,493
Buildings improvements	495,486	472,486
Land and land improvements	91,219	91,219
Vehicles	221,777	221,777
Office Equipment	327,679	327,679
	6,228,654	5,727,654
Accumulated depreciation	(1,798,585)	(1,619,895)
	\$4,430,069	\$4,107,759

Depreciation expense was \$178,690 and \$171,935 for the years ended June 30, 2019 and 2018, respectively.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

5. Line of Credit

As of June 30, 2018 UrbanPromise had an outstanding balance of \$466,000 on its line of credit which had a maximum amount available of \$500,000 and was secured by the real property. On March 21, 2019 the Organization and the bank reached an agreement to restructure the outstanding balance on the line of credit of \$482,029. The entire outstanding balance was converted into a term note payable, with an original principal amount of \$482,029, see Note 6e for terms of the note.

6. Long-Term Debt

	<u>2019</u>	<u>2018</u>
a. A mortgage payable to a private lender, for certain real property payable in monthly installments of \$1,287, inclusive of interest at 4.36% per annum. The mortgage matures on September 2019 and is secured by certain real property.	\$3,833	\$18,756
b. A mortgage payable to a bank, for certain real property payable in monthly installments of \$840, inclusive of interest at 5.25% per annum. The mortgage matures on August 2027 and is secured by certain real property.	65,471	71,881
c. A mortgage payable to a bank, for certain real property, payable in monthly principal installments of \$5,745 plus monthly interest at 4.0% per annum. The mortgage matures on August 2034 and is secured by certain real property.	1,045,117	1,114,468
d. An equipment note payable in monthly installments of \$755, inclusive of interest at 5.99% per annum. The note matures in June 2021 and is collateralized by the equipment purchased.	17,047	24,836
e. A note payable in 59 monthly principal installments of \$3,960, inclusive of interest at 5.5% per annum. At June 30, 2019 the effective interest rate on the loan was 5.5%. The final balloon payment of approximately \$365,500 is due March 2024. The note is collateralized by real property.	<u>472,912</u>	<u> -</u>
	1,604,380	1,229,942
Current Maturities	<u>(109,687)</u>	<u>(98,111)</u>
Long Term Portion	<u>\$1,494,693</u>	<u>\$1,131,831</u>

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

Principal payments on the mortgage payable for the next five years are as follows:

Years Ending June 30:

2020	\$109,687
2021	107,961
2022	100,870
2023	102,652
2024	455,220
Thereafter	<u>727,990</u>
	<u>\$1,604,380</u>

7. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. The following table reflects the Organization's financial assets (cash, cash equivalents, and grants receivable) as of June 30, 2019 and 2018, reduced by amounts not available for general expenditures within one year.

	2019	2018
Financial assets at year-end	\$ 1,114,512	\$ 308,330
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	1,128,197	578,857
Financial assets available to meet cash needs for general expenditure within one year	(\$ 13,685)	(\$ 270,527)

8. Children's Direct Benefit Money Market Funds

Net assets with donor restrictions as of June 30, 2019 and 2018 include funding that was received during the past several years for the direct benefit of certain children who live in Camden. Individual trust funds were established by the Organization and will be maintained for the education, health and welfare of the children.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

9. Net Assets With Donor Restrictions

Funds classified as net assets with donor restrictions consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Ambassador of Hope	\$10,619	\$72,417
Children's Direct Benefit Fund	6,963	6,963
Emergency Family Fund	26,515	44,943
Delaware Gardens Neighborhood Initiative	114,419	201,502
Senior Computers	-	10,000
Urban Boatworks	-	134,998
UPA Camden Home for Children	-	8,800
K2 Coll	14,234	14,234
Trentacoste	85,000	85,000
WELL	59,400	-
Administrative services	174,450	-
EXPL	603,597	-
UPA	1,500	-
Holman	<u>31,500</u>	<u>-</u>
Total	<u>\$1,128,197</u>	<u>\$578,857</u>

10. Related Party Transactions

Effective July 1, 2009, UrbanPromise formed a separately governed and operated charitable organization, UrbanPromise International, Inc. ("UPI") based on the very successful UrbanPromise model. The two organizations share facilities and certain personnel. UPI reimburses such costs on a periodic basis. As of June 30, 2019 and 2018, the Organization owed UPI \$32,686 and \$20,830, respectively.

The Organization also conducts business with other related organizations. As of June 30, 2019 and 2018 the amounts due (to) from the organizations are as follows at June 30:

	<u>2019</u>	<u>2018</u>
UrbanPromise Trenton	\$ -	\$400
Community Development	-	11,891
UrbanPromise Toronto	-	(4,250)
UrbanPromise Wilmington	-	(132)

The balances due (to) from the related organizations do not bear interest.

11. Lease Commitments

UrbanPromise regularly conducts youth programs at a variety of locations separate from its main campus in Camden. For those facilities that are not provided pro bono, the leases are on a month-to-month basis with no long term commitment. Rent expense included in occupancy for the years ended June 30, 2019 and 2018 was \$19,400 and \$14,850, respectively.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2019 and 2018

12. Retirement Plan

The Organization has a 403(b) defined contribution plan. Employees are encouraged to direct a percentage of their income to the plan. The Organization does not match employee contributions.

13. Concentration of Credit Risk

UrbanPromise maintains its cash accounts in various commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation. From time to time the Organization has exceeded the insured amount.

Grants receivable also exposes that Organization to credit risk. At June 30, 2019, the majority of the balance is receivable from two grantors. Management deems the full balance to be collectible and no allowance for doubtful accounts is necessary.

14. Income Taxes

UrbanPromise is a nonprofit corporation that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

The Organization accounts for uncertainties in income taxes in accordance with authoritative guidance, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold has been met. Management determined that there were no tax uncertainties that met the threshold for years ended June 30, 2019 and 2018.

Currently, the 2015, 2016, and 2017 tax years are open and subject to examination by the Internal Revenue Service and the New Jersey Department of Revenue. However, the Organization is not currently under audit nor has the Organization be contacted by these jurisdictions. There were no interest and penalties related to income taxes.

15. Cash Flow Disclosures

Supplemental Disclosure of Cash Flow Information

<i>Cash paid: June 30,</i>	<u>2019</u>	<u>2018</u>
Interest	<u>\$ 77,544</u>	<u>\$ 89,547</u>

Noncash Financing Activities

During the year ended June 30, 2019 the Organization restructured an existing line of credit with a bank in the amount of \$482,029 into a long term note payable in the amount of \$482,029.