

**UrbanPromise Ministries
Financial Statements
For the Years Ended
June 30, 2021 and 2020**

UrbanPromise Ministries, Inc.
Years Ended June 30, 2021 and 2020

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4B EVES DRIVE | SUITE 100 | MARLTON, NJ 08053 | P 856.985.5688 | F 856.985.8340

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 statements of financial position as of June 30, 2021 and 2020, 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, 2021 and 2020, 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.
Marlton, NJ

January 14, 2022

Urban Promise Ministries, Inc.
Statements of Financial Position
As of June 30, 2021 and 2020

	06/30/2021	06/30/2020
Assets		
Current Assets		
Cash and cash equivalents, Operations	\$ 1,110,119	\$ 1,025,201
Cash and cash equivalents, Rooted to Grow Campaign	868,989	17,000
Childrens' direct benefit money market funds	6,963	6,963
Tuition and other receivables	-	11,419
Prepaid expenses	37,020	43,200
Contributions receivable, Operations	126,978	93,947
Contributions receivable, Rooted to Grow Campaign	373,475	-
Grants receivable, current portion	144,834	278,217
Total Current Assets	2,668,378	1,475,947
Property and Equipment		
Land and improvements	91,219	91,219
Buildings and improvements	5,735,356	5,587,979
Vehicles	249,139	249,139
Furniture and equipment	327,679	327,679
	6,403,393	6,256,016
Less accumulated depreciation	(2,153,886)	(1,979,199)
Net Property and Equipment	4,249,507	4,276,817
Other Assets		
Grants receivable, less current portion	46,666	50,000
Total Assets	\$ 6,964,551	\$ 5,802,764
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 269,660	\$ 223,677
Current portion of long-term debt	100,870	108,245
Contract liabilities	3,849	26,416
Due to related organizations	65,126	-
PPP loan (contingent)	-	550,000
Total Current Liabilities	439,505	908,338
Long-Term Debt, Net of Current Portion	1,470,478	1,548,385
Total Liabilities	1,909,983	2,456,723
Net Assets		
Without Donor Restrictions	3,179,901	2,587,902
With Donor Restrictions, Operations	632,203	741,139
With Donor Restrictions, Rooted to Grow Campaign	1,242,464	17,000
Total Net Assets	5,054,568	3,346,041
Total Liabilities and Net Assets	\$ 6,964,551	\$ 5,802,764

The accompanying notes are an integral part of these financial statements.

Urban Promise Ministries, Inc.
Statements of Activities
Years ended June 30, 2021 and 2020

	<u>06/30/2021</u>			<u>06/30/2020</u>		
	<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	\$ 100,771	\$ -	\$ 100,771	\$ 120,951	\$ -	\$ 120,951
Grants, contributions, and special events, Operations	3,863,004	593,174	4,456,178	3,590,028	194,662	3,784,690
Grants, contributions, and special events, Rooted to Grow Campaign	-	1,394,348	1,394,348	-	-	-
Rental income	-	-	-	3,132	-	3,132
Contributed services and supplies	66,978	-	66,978	27,977	-	27,977
Investment income	144	-	144	130	-	130
Other revenue	67,692	-	67,692	29,888	-	29,888
Total revenue	<u>4,098,589</u>	<u>1,987,522</u>	<u>6,086,111</u>	<u>3,772,106</u>	<u>194,662</u>	<u>3,966,768</u>
Net Assets Released From Restriction	<u>870,994</u>	<u>(870,994)</u>	<u>-</u>	<u>564,720</u>	<u>(564,720)</u>	<u>-</u>
Total support and revenue	<u>4,969,583</u>	<u>1,116,528</u>	<u>6,086,111</u>	<u>4,336,826</u>	<u>(370,058)</u>	<u>3,966,768</u>
Expenses						
Program services	3,462,209	-	3,462,209	3,377,943	-	3,377,943
Management and general	412,937	-	412,937	435,103	-	435,103
Fundraising	502,438	-	502,438	496,389	-	496,389
Total expenses	<u>4,377,584</u>	<u>-</u>	<u>4,377,584</u>	<u>4,309,435</u>	<u>-</u>	<u>4,309,435</u>
Change in Net Assets For The Year	591,999	1,116,528	1,708,527	27,391	(370,058)	(342,667)
Net Assets at Beginning of Year	<u>2,587,902</u>	<u>758,139</u>	<u>3,346,041</u>	<u>2,560,511</u>	<u>1,128,197</u>	<u>3,688,708</u>
Net Assets at End of Year	<u>\$ 3,179,901</u>	<u>\$ 1,874,667</u>	<u>\$ 5,054,568</u>	<u>\$ 2,587,902</u>	<u>\$ 758,139</u>	<u>\$ 3,346,041</u>

Urban Promise Ministries, Inc.
Statements of Functional Expenses
Years ended June 30, 2021 and 2020

	06/30/2021				06/30/2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,978,944	\$ 81,968	\$ 281,033	\$ 2,341,945	\$ 1,994,368	\$ 82,607	\$ 283,224	\$ 2,360,199
Employee Benefits	326,950	13,542	46,431	386,923	292,831	12,129	41,586	346,546
Payroll Taxes	163,588	6,776	23,232	193,596	165,003	6,834	23,432	195,269
	<u>2,469,482</u>	<u>102,286</u>	<u>350,696</u>	<u>2,922,464</u>	<u>2,452,202</u>	<u>101,570</u>	<u>348,242</u>	<u>2,902,014</u>
Advertising and marketing	1,998	-	-	1,998	-	-	-	-
In-kind contributions	49,926	1,273	3,779	54,978	24,541	859	2,577	27,977
Direct fundraising costs	-	-	60,500	60,500	-	-	47,341	47,341
Interest expense	-	76,258	-	76,258	-	102,420	-	102,420
Legal and accounting	-	117,421	-	117,421	-	110,873	-	110,873
Occupancy	357,199	40,823	10,206	408,228	362,938	41,479	10,370	414,787
Office expense	24,130	19,743	29,248	73,121	33,622	27,508	40,753	101,883
Other direct programming expense	320,039	6,135	14,656	340,830	242,638	4,784	11,198	258,620
Postage and printing	18,385	5,763	3,293	27,441	20,308	6,365	3,637	30,310
Professional fees	154	6,482	8,797	15,433	281	11,821	16,043	28,145
Telephone and internet	42,105	13,805	13,115	69,025	11,634	3,814	3,623	19,071
Training and conferences	202	1,821	95	2,118	167	1,518	80	1,765
Transportation expense	30,105	165	2,812	33,082	76,090	418	7,107	83,615
	<u>844,243</u>	<u>289,689</u>	<u>146,501</u>	<u>1,280,433</u>	<u>772,219</u>	<u>311,859</u>	<u>142,729</u>	<u>1,226,807</u>
Depreciation	148,484	20,962	5,241	174,687	153,522	21,674	5,418	180,614
	<u>\$ 3,462,209</u>	<u>\$ 412,937</u>	<u>\$ 502,438</u>	<u>\$ 4,377,584</u>	<u>\$ 3,377,943</u>	<u>\$ 435,103</u>	<u>\$ 496,389</u>	<u>\$ 4,309,435</u>

The accompanying notes are an integral part of these financial statements

Urban Promise Ministries, Inc.
Statements of Cash Flows
Years ended June 30, 2021 and 2020

	<u>06/30/2021</u>	<u>06/30/2020</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 1,708,527	\$ (342,667)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	174,687	180,614
Donation of vehicle	(12,000)	-
Grant income from PPP loan forgiveness	(550,000)	-
Changes in assets and liabilities:		
Tuition and other receivables	11,419	9,014
Prepaid expenses	6,180	(27,667)
Contributions receivable	(406,506)	(6,104)
Grant receivable	136,717	466,445
Accounts payable and accrued expenses	45,983	(100,814)
Contract liabilities	(22,567)	8,291
Due to related organizations	65,126	(32,686)
Net cash provided by operating activities	<u>1,157,566</u>	<u>154,426</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	<u>(135,377)</u>	<u>(27,362)</u>
Cash Flows from Financing Activities		
Net borrowings (repayments) on long-term debt	(85,282)	52,250
Proceeds from PPP loan	-	550,000
Net cash provided by (used in) financing activities	<u>(85,282)</u>	<u>602,250</u>
Net increase in cash and cash equivalents	936,907	729,314
Cash, Cash Equivalents, and Restricted Cash, Beginning	<u>1,049,164</u>	<u>319,850</u>
Cash, Cash Equivalents, and Restricted Cash, Ending	<u>\$ 1,986,071</u>	<u>\$ 1,049,164</u>

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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.

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.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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>2021</u>	<u>2020</u>
Cash	\$1,979,108	\$1,042,201
Cash-Children's Direct Benefit Fund	<u>6,963</u>	<u>6,963</u>
Total cash, cash equivalents, and restricted cash	<u>\$1,986,071</u>	<u>\$1,049,164</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, 2021 and 2020, respectively. The Organization provides an allowance for losses on accounts receivable based on a review of the current status of existing receivables, historic bad debt experience and management's evaluation of periodic aging of the accounts. Amounts previously recognized as uncollectible are recorded as income if collected in the future. At June 30, 2021 and 2020 there was a reserve of \$0 and \$8,000, respectively.

Revenue Recognition - Student Tuition and Fees

The Organization recognizes revenue based on the five-step model; (i) identify the contract with the customer; (ii) identify the performance obligation in the contract (iii) determine the transaction price; (iv) allocate the transaction price; and (v) recognize revenue (or as) each performance obligation is satisfied. If the Company determines that a contract with enforceable rights and obligations does not exist, revenues are deferred until all criteria for an enforceable contract are met.

UrbanPromise Ministries, Inc. is an organization with the mission to equip the City of Camden's children and young adults with the skills necessary for academic achievement, life management, spiritual growth, and leadership. The Organization charges tuition to attend the school located in Camden, New Jersey. The service of providing education and school is generally satisfied over time. Management exercises judgement to determine when performance obligations have been satisfied. In making such judgments management typically relies on the passage of time for the school year. Revenue from contracts with customers for the years ended June 30, 2021 and 2020 was \$100,771 and \$120,951, respectively. For further information on the adoption of Topic 606, as well as their various streams of revenue, refer to "New Accounting Pronouncements" and Note 5, Revenue from Contracts with Customers, to the accompanying financial statements.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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.

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, 2021 and 2020 UrbanPromise recognized \$66,978 and \$27,977 of noncash assets and donated services, respectively. For the year ended June 30, 2020 many of the in-kind services and items provided in previous years were greatly reduced from the effects of the COVID-19 pandemic. The pandemic restricted the number of events the Organization was able to hold as well as restricting access to the facilities for people to be able to donate their items and services. For the year ended June 30, 2021 the Organization received a vehicle with fair market value of \$12,000.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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, 2021 and 2020 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, 2021 and 2020 is \$1,998 and \$0, 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 January 14, 2022, which is the date the financial statements were available to be issued.

2. Contributions Receivable

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

	<u>2021</u>	<u>2020</u>
Receivables in less than one year	\$500,453	\$93,947
Total unconditional promises to give	<u>\$500,453</u>	<u>\$93,947</u>

3. Grants Receivable

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

Years ending June 30:	2022	\$ 144,834
	2023	35,833
	2024	10,833
		<u>\$ 191,500</u>

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

4. Property and Equipment

Property and Equipment as of June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Buildings	\$5,092,493	\$5,092,493
Buildings improvements	642,863	495,486
Land and land improvements	91,219	91,219
Vehicles	249,139	249,139
Office Equipment	<u>327,679</u>	<u>327,679</u>
	6,403,393	6,256,016
Accumulated depreciation	<u>(2,153,886)</u>	<u>(1,979,199)</u>
	<u>\$4,249,507</u>	<u>\$4,276,817</u>

Depreciation expense was \$174,687 and \$180,614 for the years ended June 30, 2021 and 2020, respectively.

5. Revenue from Contracts with Customers

Revenue is recognized in one major service – school tuition. The comparative information has not been restated and continues to be reported under the legacy standard. The timing of revenue recognition for this product segment is:

Timing of Revenue Recognition	<u>06/30/2021</u>	<u>06/30/2020</u>
Goods and services transferred over time	\$ <u>100,771</u>	\$ <u>120,951</u>

The following economic factors affect the nature, amount, timing, and uncertainty of the Organization's revenue and cash flows as indicated:

Type of customer:

All of the tuition services rendered by the organization is to school age children.

Geographical location of customers:

The organization's customers are located in the Camden, New Jersey area.

Type of contract:

Tuition contracts are delivered over time.

The opening and closing balances of tuition receivables, contract assets, and contract liabilities from contracts with customers are as follows:

	Tuition Receivables	Contract Assets	Contract Liabilities
Balance 7/1/19	\$ 200,736	\$ -	\$ 18,125
Balance 6/30/20	\$ 11,419	\$ -	\$ 26,416
Balance 6/30/21	\$ -	\$ -	\$ 3,849

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

Transaction Price

The transaction price of a contract is the amount of consideration to which the Organization expects to be entitled in exchange for transferring promised goods or services to a customer. Transaction prices do not include amounts collected on behalf of third parties (e.g., sales taxes).

To determine the transaction price of a contract, the Organization considers its customary business practices as well as the terms of the contract. For the purpose of determining transaction prices, the Organization assumes that the goods or services will be transferred to the customer as promised in accordance with existing contracts and that the contracts will not be cancelled, renewed, or modified. Most of the Organization's contracts with customers have fixed transaction prices that are denominated in US. dollars and payable in cash.

The Organization does not adjust the transaction prices of contracts for collectability. At the end of each fiscal year, the Organization updates the estimated transaction prices of contracts having unsatisfied performance obligations. At those times, revenue and related account balances are adjusted to reflect any changes in transaction prices.

Performance Obligations

The Organization typically satisfies its performance obligations as services are rendered.

The Organization's tuition services are generally transferred over time. Customers obtain the benefits of the services over time. Therefore, the Organization satisfies its performance obligations as the services are rendered.

Payment for tuition services sold by the Organization is typically due by the first of the month for the upcoming month of school. The Organization does not offer discounts if the customer pays some or all of an invoiced amount prior to the due date.

None of the Organization's contracts have a significant financing component.

Contract Assets and Liabilities

The Organization bills customers prior to the start of the school year prior to the Organization meeting their performance obligation which result in contract liabilities until the obligation is met. Contract liabilities consist of deferred tuition which totaled \$3,849 and \$26,416 for the years ended June 30, 2021 and 2020, respectively.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

6. Long-Term Debt

	<u>2021</u>	<u>2020</u>
a. A mortgage payable to PNC 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.	\$ 52,195	\$ 58,720
b. A mortgage payable to TD 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.	1,090,816	1,129,288
c. An equipment note payable to Beneficial bank, 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.	-	9,062
d. A note payable to Beneficial bank, in 59 monthly principal installments of \$3,960, inclusive of interest at 5.5% per annum. A final balloon payment of approximately \$365,500 is due March 2024. The note is collateralized by real property.	<u>428,337</u>	<u>459,560</u>
	1,571,348	1,656,630
Current Maturities	<u>(100,870)</u>	<u>(108,245)</u>
Long Term Portion	<u>\$1,470,478</u>	<u>\$1,548,385</u>

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

Years Ending June 30:

2022	\$100,870
2023	102,652
2024	455,553
2025	77,334
2026	77,786
Thereafter	<u>757,153</u>
	<u>\$1,571,348</u>

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

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, 2021 and 2020, reduced by amounts not available for general expenditures within one year.

	2021	2020
Financial assets at year-end	\$ 2,177,571	\$ 1,377,381
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	1,874,667	758,139
Financial assets available to meet cash needs for general expenditure within one year	\$ 302,904	\$ 619,242

8. Children's Direct Benefit Money Market Funds

Net assets with donor restrictions as of June 30, 2021 and 2020 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, 2021 and 2020

9. Net Assets With Donor Restrictions

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

	<u>2021</u>	<u>2020</u>
Ambassador of Hope	\$ 19,330	\$ 10,000
Children's Direct Benefit Fund	-	9,500
Emergency Family Fund	13,764	19,902
Delaware Gardens Neighborhood Initiative	-	11,800
Street Leader Program	-	42,500
Donor 1	10,000	12,500
Ethel Mae Hocker	-	18,125
K2 Coll	-	5,617
Donor 2	79,000	79,000
CFS	-	15,000
WELL	-	15,000
Administrative services	50,000	88,000
EXPL	60,277	295,695
Donor 3	85,500	118,500
United Way CYM	12,500	-
Horizon Foundation	65,205	-
TD Charitable Foundation	10,000	-
RWJ Culture of Health Leaders Program	10,000	-
Fellowship Alliance	1,850	-
United Way Women United	3,034	-
Dolfinger McMahon	1,500	-
NJ Pandemic Relief Fund (SJ Food Bank)	15,000	-
Camden Education Fund	15,000	-
West Jersey Presby	12,000	-
St. Joseph's Carpenter Society	52,000	-
Columbia Bank Foundation	10,000	-
Henry M Rowan Foundation	25,000	-
PNC Foundation	10,000	-
Blackrock	25,000	-
US Cold Storge	10,000	-
WSFS	15,000	-
Ambassador of Unity	21,243	-
Subtotal	<u>632,203</u>	<u>741,139</u>
Rooted to Grow Campaign	1,242,464	17,000
Total Net Assets with Donor Restrictions	<u>\$ 1,874,667</u>	<u>\$ 758,139</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, 2021 and 2020, the Organization owed UPI \$45,601 and \$0, respectively.

UrbanPromise Ministries, Inc.
Notes to Financial Statements
Years Ended June 30, 2021 and 2020

The Organization also conducts business with other related organizations. As of Jun 30, 2021 and Jun 30, 2020 the amount due (to) from the organizations are as follows at June 30:

		<u>2021</u>		<u>2020</u>
Community Development	\$	(73,420)	\$	-
UrbanPromise Thrift Store		53,895		-

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, 2021 and 2020 was \$26,116 and \$26,600, respectively.

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 match \$1 for every \$4 the employee contributions up to 1% of gross salary.

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, 2021, 75% of the balance is receivable from three grantors. At June 30, 2020, 99% 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, 2021 and 2020.

Currently, the 2018, 2019, and 2020 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.

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15. Cash Flow Disclosures

Supplemental Disclosure of Cash Flow Information

<i>Cash paid: June 30,</i>	<u>2021</u>	<u>2020</u>
Interest	\$ <u>76,258</u>	\$ <u>102,420</u>

16. Contingency

The Organization received a Payroll Protection Program (PPP) loan in the amount of \$550,000 during the year ended June 30, 2020. The Organization applied for and received loan forgiveness by the U.S. Small Business Administration (SBA). The Organization recognized these proceeds as grant revenue on the Statement of Activities and Changes in Net Assets during the year ended June 30, 2021.

17. COVID 19 Impact

During the first quarter of 2020, an outbreak of a novel coronavirus causing the disease COVID-19 evolved into a global pandemic. The global response to COVID-19 has evolved rapidly. New Jersey and surrounding state governments mandated restrictions on business operations and travel that have disrupted the operations of the Organization. The duration of this public health crisis, government mandated restriction, and future impact to the Organization's financial statements are currently unknown.