

**UrbanPromise Ministries, Inc.**  
**Financial Statements**  
**For the Years Ended**  
**June 30, 2022 and 2021**

**UrbanPromise Ministries, Inc.  
Years Ended June 30, 2022 and 2021**

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## Independent Auditors' Report

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

### Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the related statements of activities, functional expenses, and 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UrbanPromise 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.

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

### Auditors' 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 auditors' 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 generally accepted 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



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- 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 UrbanPromise 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UrbanPromise 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.

*Baratz & Associates, P.A.*

Baratz & Associates, P.A.  
Marlton, NJ

November 4, 2022

**UrbanPromise Ministries, Inc.**  
**Statements of Financial Position**  
**As of June 30, 2022 and 2021**

	<b>06/30/2022</b>	<b>06/30/2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents, Operations	\$ 889,497	\$ 1,110,119
Cash and cash equivalents, Rooted to Grow	1,681,857	868,989
Childrens' direct benefit money market funds	6,963	6,963
Tuition and other receivables, net of reserves of \$65,000 in 2022 and \$52,244 in 2021	52,065	30,532
Prepaid expenses	22,787	37,020
Contributions receivable, Operations	66,253	96,446
Contributions receivable, Rooted to Grow, net of reserves of \$81,489 in 2022 and \$0 in 2021	733,404	373,475
Employee retention credit receivable	726,553	-
Grants receivable, current portion	178,000	144,834
<b>Total Current Assets</b>	<b>4,357,379</b>	<b>2,668,378</b>
<b>Property and Equipment</b>		
Land and improvements	91,219	91,219
Buildings and improvements	5,945,333	5,735,356
Vehicles	299,139	249,139
Furniture and equipment	327,679	327,679
	6,663,370	6,403,393
Less accumulated depreciation	(2,337,196)	(2,153,886)
<b>Net Property and Equipment</b>	<b>4,326,174</b>	<b>4,249,507</b>
<b>Other Assets</b>		
Grants receivable, less current portion	86,000	46,666
<b>Total Assets</b>	<b>\$ 8,769,553</b>	<b>\$ 6,964,551</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 205,601	\$ 269,660
Current portion of long-term debt	112,585	100,870
Contract liabilities	1,325	3,849
Due to related organizations	19,061	65,126
<b>Total Current Liabilities</b>	<b>338,572</b>	<b>439,505</b>
<b>Long-Term Debt, Net of Current Portion</b>	<b>1,410,025</b>	<b>1,470,478</b>
<b>Total Liabilities</b>	<b>1,748,597</b>	<b>1,909,983</b>
<b>Net Assets</b>		
Without Donor Restrictions	3,356,265	3,179,901
With Donor Restrictions, Operations	1,224,430	632,203
With Donor Restrictions, Rooted to Grow	2,440,261	1,242,464
<b>Total Net Assets</b>	<b>7,020,956</b>	<b>5,054,568</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,769,553</b>	<b>\$ 6,964,551</b>

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

**UrbanPromise Ministries, Inc.**  
**Statements of Activities**  
**Years ended June 30, 2022 and 2021**

	<u>06/30/2022</u>			<u>06/30/2021</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>
<b>Support and Revenue</b>						
Tuition and fees	\$ 159,479	\$ -	\$ 159,479	\$ 100,771	\$ -	\$ 100,771
Grants, contributions, and special events, Operations	3,209,077	1,434,656	4,643,733	3,863,004	593,174	4,456,178
Grants, contributions, and special events, Rooted to Grow	-	1,195,332	1,195,332	-	1,394,348	1,394,348
Contributed services and supplies	189,152	-	189,152	66,978	-	66,978
Investment income	386	-	386	144	-	144
Employee retention credit income	-	726,553	726,553	-	-	-
Other revenue	99,065	-	99,065	67,692	-	67,692
<b>Total revenue</b>	<u>3,657,159</u>	<u>3,356,541</u>	<u>7,013,700</u>	<u>4,098,589</u>	<u>1,987,522</u>	<u>6,086,111</u>
<b>Net Assets Released From Restriction</b>	<u>1,566,517</u>	<u>(1,566,517)</u>	<u>-</u>	<u>870,994</u>	<u>(870,994)</u>	<u>-</u>
<b>Total support and revenue</b>	<u>5,223,676</u>	<u>1,790,024</u>	<u>7,013,700</u>	<u>4,969,583</u>	<u>1,116,528</u>	<u>6,086,111</u>
<b>Expenses</b>						
Program services	4,008,018	-	4,008,018	3,449,123	-	3,449,123
Management and general	438,071	-	438,071	416,208	-	416,208
Fundraising	601,223	-	601,223	512,253	-	512,253
<b>Total expenses</b>	<u>5,047,312</u>	<u>-</u>	<u>5,047,312</u>	<u>4,377,584</u>	<u>-</u>	<u>4,377,584</u>
<b>Change in Net Assets For The Year</b>	176,364	1,790,024	1,966,388	591,999	1,116,528	1,708,527
<b>Net Assets at Beginning of Year</b>	<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>
<b>Net Assets at End of Year</b>	<u>\$ 3,356,265</u>	<u>\$ 3,664,691</u>	<u>\$ 7,020,956</u>	<u>\$ 3,179,901</u>	<u>\$ 1,874,667</u>	<u>\$ 5,054,568</u>

The accompanying notes are an integral part of these financial statements

**UrbanPromise Ministries, Inc.**  
**Statements of Functional Expenses**  
**Years ended June 30, 2022 and 2021**

	06/30/2022				06/30/2021				Year over Year \$ Change
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 2,164,874	\$ 89,669	\$ 307,438	\$ 2,561,981	\$ 1,978,944	\$ 81,968	\$ 281,033	\$ 2,341,945	\$ 220,036
Employee Benefits	302,771	12,541	42,997	358,309	326,950	13,542	46,431	386,923	(28,614)
Payroll Taxes	191,438	7,929	27,186	226,553	163,588	6,776	23,232	193,596	32,957
	<u>2,659,083</u>	<u>110,139</u>	<u>377,621</u>	<u>3,146,843</u>	<u>2,469,482</u>	<u>102,286</u>	<u>350,696</u>	<u>2,922,464</u>	<u>224,379</u>
Direct fundraising costs	122,774	-	-	122,774	1,998	-	60,500	62,498	60,276
In-kind contributions	177,231	3,730	11,191	192,152	49,926	1,273	3,779	54,978	137,174
Interest expense	-	80,659	-	80,659	-	76,258	-	76,258	4,401
Legal, accounting and professional expense	1,836	100,475	104,636	206,947	154	123,903	8,797	132,854	74,093
Occupancy	421,155	49,662	12,415	483,232	357,199	40,823	10,206	408,228	75,004
Office expense	53,987	44,172	65,440	163,599	39,554	32,362	47,944	119,860	43,739
Other direct programming expense	372,936	7,149	17,078	397,163	320,039	6,135	14,656	340,830	56,333
Postage and printing	2,505	733	442	3,680	18,385	5,763	3,293	27,441	(23,761)
Telephone expense	11,222	3,680	3,496	18,398	13,595	4,457	4,234	22,286	(3,888)
Training and conferences	1,715	15,522	812	18,049	202	1,821	95	2,118	15,931
Transportation expense	27,760	153	2,593	30,506	30,105	165	2,812	33,082	(2,576)
	<u>1,193,121</u>	<u>305,935</u>	<u>218,103</u>	<u>1,717,159</u>	<u>831,157</u>	<u>292,960</u>	<u>156,316</u>	<u>1,280,433</u>	<u>436,726</u>
Depreciation	155,814	21,997	5,499	183,310	148,484	20,962	5,241	174,687	8,623
	<u>\$ 4,008,018</u>	<u>\$ 438,071</u>	<u>\$ 601,223</u>	<u>\$ 5,047,312</u>	<u>\$ 3,449,123</u>	<u>\$ 416,208</u>	<u>\$ 512,253</u>	<u>\$ 4,377,584</u>	<u>\$ 669,728</u>

The accompanying notes are an integral part of these financial statements

**UrbanPromise Ministries, Inc.**  
**Statements of Cash Flows**  
**Years ended June 30, 2022 and 2021**

	<b>06/30/2022</b>	<b>06/30/2021</b>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,966,388	\$ 1,708,527
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	183,310	174,687
Donation of vehicle	-	(12,000)
Bad debt expenses	94,245	-
Grant income from PPP loan forgiveness	-	(550,000)
Changes in assets and liabilities:		
Tuition and other receivables	(34,289)	11,419
Prepaid expenses	14,233	6,180
Contributions receivable	(411,225)	(406,506)
Grant receivable	(72,500)	136,717
Employee retention credit receivable	(726,553)	-
Accounts payable and accrued expenses	(64,059)	45,983
Contract liabilities	(2,524)	(22,567)
Due to related organizations	(46,065)	65,126
<b>Net cash provided by operating activities</b>	<b>900,961</b>	<b>1,157,566</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(259,977)	(135,377)
<b>Cash Flows from Financing Activities</b>		
Net borrowings (repayments) on long-term debt	(48,738)	(85,282)
<b>Net cash provided by (used in) financing activities</b>	<b>(48,738)</b>	<b>(85,282)</b>
<b>Net increase in cash and cash equivalents</b>	<b>592,246</b>	<b>936,907</b>
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning</b>	<b>1,986,071</b>	<b>1,049,164</b>
<b>Cash, Cash Equivalents, and Restricted Cash, Ending</b>	<b>\$ 2,578,317</b>	<b>\$ 1,986,071</b>



**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**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, reflects 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*

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. Assets and liabilities measured at fair value are categorized into one of three different levels depending on the observability of the inputs employed in their measurement.

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly or indirectly through market-corroborated inputs. Level 3 inputs are unobservable inputs for the asset or liability, including the Organization’s own assumptions in determining the fair value of the assets or liabilities.

*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>2022</u>	<u>2021</u>
Cash	\$2,571,354	\$1,979,108
Cash-Children's Direct Benefit Fund	<u>6,963</u>	<u>6,963</u>
Total cash, cash equivalents, and restricted cash	<u>\$2,578,317</u>	<u>\$1,986,071</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, 2022 and 2021, 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, 2022 and 2021 there was a reserve of \$146,489 and \$52,244, 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, 2022 and 2021 was \$159,479 and \$100,771, respectively. For further information on the adoption of Topic 606, as well as their various streams of revenue, refer to “Note 5, Revenue from Contracts with Customers, to the accompanying financial statements.

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

*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, 2022 and 2021 UrbanPromise recognized \$189,152 and \$66,978 of noncash assets and donated services, respectively. For the year ended June 30, 2022 the Organization received meal donations with fair market value of \$129,291. For the year ended June 30, 2021 the Organization received a vehicle with fair market value of \$12,000.

*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.

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

*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 some grants receivable at June 30, 2022 and 2021 may not be fully collected. Accordingly, an allowance for doubtful accounts was estimated to be \$81,489 and \$0, respectively.

*Advertising Costs*

The cost for advertising is expensed as incurred. The total advertising expense for the years ended June 30, 2022 and 2021 is \$122,774 and \$1,998, 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 November 4, 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>2022</u>	<u>2021</u>
Receivables in less than one year	\$891,156	\$469,921
Receivable allowances	<u>(42,705)</u>	<u>          -</u>
Total unconditional promises to give	<u>\$799,657</u>	<u>\$469,921</u>

**3. Grants Receivable**

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

Years ending June 30:	2023	\$ 178,000
	2024	33,000
	2025	33,000
	2026	<u>20,000</u>
		<u>\$ 264,000</u>

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**4. Property and Equipment**

Property and Equipment as of June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Buildings	\$5,092,493	\$5,092,493
Buildings improvements	852,840	642,863
Land and land improvements	91,219	91,219
Vehicles	299,139	249,139
Office Equipment	<u>327,679</u>	<u>327,679</u>
	6,663,370	6,403,393
Accumulated depreciation	<u>(2,337,196)</u>	<u>(2,153,886)</u>
	<u>\$4,326,174</u>	<u>\$4,249,507</u>

Depreciation expense was \$183,310 and \$174,687 for the years ended June 30, 2022 and 2021, 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>06/30/2022</u>	<u>06/30/2021</u>
Goods and services transferred over time	\$ <u>159,479</u>	\$ <u>100,771</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 7/1/20	\$ 11,419	\$ -	\$ 26,416
Balance 6/30/21	\$ 18,532	\$ -	\$ 3,849
Balance 6/30/22	\$ 42,055	\$ -	\$ 1,325

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

*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 \$1,325 and \$3,849 for the years ended June 30, 2022 and 2021, respectively.

**6. Line of Credit**

UrbanPromise has a \$500,000 line of credit with WSFS Bank that is secured by the real property. As of June 30, 2022 there is no balance due on the line of credit, and the full amount is available for use.

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**7. Long-Term Debt**

	<u>2022</u>	<u>2021</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.	\$ 44,073	\$ 52,195
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.	1,053,240	1,090,816
c. 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.	404,094	428,337
d. A vehicle note payable to Safety Bus Service, in 36 monthly principal installments of \$882, inclusive of interest at 3.75% per annum. The vehicle note matures on August 2024. The note is collateralized by the vehicle.	21,203	-
	<u>1,522,610</u>	<u>1,571,348</u>
Current Maturities	<u>(112,585)</u>	<u>(100,870)</u>
Long Term Portion	<u>\$ 1,410,025</u>	<u>\$ 1,470,478</u>

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

Years Ending June 30:

2023	\$ 112,585
2024	465,992
2025	78,744
2026	78,262
2027	78,468
Thereafter	<u>708,559</u>
	<u>\$ 1,522,610</u>

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**8. 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, 2022 and 2021, reduced by amounts not available for general expenditures within one year.

	<b>2022</b>	<b>2021</b>
Financial assets at year-end	\$ 4,334,592	\$ 2,631,358
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	3,664,691	1,874,667
Financial assets available to meet cash needs for general expenditure within one year	\$ 669,901	\$ 756,691

**9. Children's Direct Benefit Money Market Funds**

Net assets with donor restrictions as of June 30, 2022 and 2021 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, 2022 and 2021**

**10. Net Assets With Donor Restrictions**

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

	<u>2022</u>	<u>2021</u>
Alumni Higher Education Support	\$ 66,777	\$ 40,573
Children and Youth Programs	12,500	12,500
General Operating	25,000	50,000
Children and Youth Programs	39,000	52,000
Experiential Learning	90,031	105,394
Fundraising Support	78,560	85,500
Camden Forward School	42,500	-
UrbanPromise Academy	2,419	5,883
COVID Relief - Technology	17,805	-
Girls Empowerment	5,000	-
Wellness	63,285	90,239
Street Leaders Program	55,000	123,000
Donor 1	-	10,000
Fellowship Alliance	-	1,850
Dolfinger McMahan	-	1,500
NJ Pandemic Relief Fund (SJ Food Bank)	-	15,000
Emergency Family Fund	-	13,764
US Cold Storage	-	10,000
WSFS	-	15,000
Employee Retention Credit	726,553	-
<b>Subtotal</b>	<u>1,224,430</u>	<u>632,203</u>
Rooted to Grow	2,440,261	1,242,464
<b>Total Net Assets with Donor Restrictions</b>	<u><u>\$3,664,691</u></u>	<u><u>\$ 1,874,667</u></u>

**11. 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, 2022 and 2021, the Organization owed UPI \$9,765 and \$45,601, respectively.

The Organization also conducts business with other related organizations. As of June 30, 2022 and June 30, 2021 the amount due (to) from the organizations are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Community Development	\$ (9,296)	\$ (73,420)
UrbanPromise Thrift Store	-	53,895

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**12. 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, 2022 and 2021 was \$27,500 and \$26,116, respectively.

**13. 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. The total retirement benefit expense for the years ended June 30, 2022 and 2021 is \$40,886 and \$33,566, respectively.

**14. 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, 2022, 76% of the balance is receivable from four grantors. At June 30, 2021, 75% of the balance is receivable from two grantors. Management deems the full balance to be collectible and no allowance for doubtful accounts is necessary.

**15. 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, 2022 and 2021.

Currently, the 2019, 2020, and 2021 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.

**16. Cash Flow Disclosures**

*Supplemental Disclosure of Cash Flow Information*

<i>Cash paid: June 30,</i>	<u>2022</u>	<u>2021</u>
Interest	\$ <u>80,659</u>	\$ <u>76,258</u>

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2022 and 2021**

**17. Payroll Protection Program**

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.

**18. 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.

During November 2021 the Organization applied for Employee Retention Tax Credits (ERC) in the amount of \$726,553. The Organization recorded the amount as revenues with donor restrictions on the statements of activities. As of the year ended June 30, 2022 \$726,553 of the ERC's were receivable and included with current assets on the statements of financial position.