

**UrbanPromise Ministries, Inc.**  
**Financial Statements**  
**For the Years Ended**  
**June 30, 2023 and 2022**

**UrbanPromise Ministries, Inc.**  
**Years Ended June 30, 2023 and 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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.
- 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 7, 2023

**UrbanPromise Ministries, Inc.**  
**Statements of Financial Position**  
**As of June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents, Operations	\$ 856,919	\$ 889,497
Cash and cash equivalents, Rooted to Grow	2,433,519	1,681,857
Childrens' direct benefit money market funds	6,963	6,963
Tuition and other receivables, net of reserves of \$85,000 in 2023 and \$65,000 in 2022	62,101	52,065
Prepaid expenses	50,669	22,787
Contributions receivable, Operations	156,098	66,253
Contributions receivable, Rooted to Grow, net of reserves of \$105,657 in 2023 and \$81,489 in 2022	1,276,909	733,404
Employee retention credit receivable	772,765	726,553
Grants receivable, current portion	226,750	178,000
<b>Total Current Assets</b>	<b>5,842,693</b>	<b>4,357,379</b>
<b>Property and Equipment</b>		
Land and improvements	91,219	91,219
Buildings and improvements	6,047,065	5,945,333
Vehicles	299,139	299,139
Furniture and equipment	327,679	327,679
	6,765,102	6,663,370
Less accumulated depreciation	(2,521,888)	(2,337,196)
<b>Net Property and Equipment</b>	<b>4,243,214</b>	<b>4,326,174</b>
<b>Other Assets</b>		
Grants receivable, less current portion	240,750	86,000
<b>Total Assets</b>	<b>\$ 10,326,657</b>	<b>\$ 8,769,553</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 370,730	\$ 205,601
Current portion of long-term debt	466,107	112,585
Contract liabilities	1,105	1,325
Due to related organizations	38,495	19,061
<b>Total Current Liabilities</b>	<b>876,437</b>	<b>338,572</b>
<b>Long-Term Debt, Net of Current Portion</b>	<b>974,105</b>	<b>1,410,025</b>
<b>Total Liabilities</b>	<b>1,850,542</b>	<b>1,748,597</b>
<b>Net Assets</b>		
Without donor restrictions	3,299,374	3,356,265
With donor restrictions, Operations	1,466,313	1,224,430
With donor restrictions, Rooted to Grow	3,710,428	2,440,261
<b>Total Net Assets</b>	<b>8,476,115</b>	<b>7,020,956</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,326,657</b>	<b>\$ 8,769,553</b>

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

**UrbanPromise Ministries, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2023 and 2022**

	<u>2023</u>			<u>2022</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	\$ 132,168	\$ -	\$ 132,168	\$ 159,479	\$ -	\$ 159,479
Grants, contributions, and special events, Operations	3,589,277	1,194,633	4,783,910	3,209,077	1,434,656	4,643,733
Grants, contributions, and special events, Rooted to Grow	-	1,872,605	1,872,605	-	1,195,332	1,195,332
Contributed services and supplies	239,087	-	239,087	189,152	-	189,152
Investment income	7,468	-	7,468	386	-	386
Employee retention credit income	-	46,212	46,212	-	726,553	726,553
Other revenue	43,707	-	43,707	99,065	-	99,065
<b>Total Revenue</b>	<u>4,011,707</u>	<u>3,113,450</u>	<u>7,125,157</u>	<u>3,657,159</u>	<u>3,356,541</u>	<u>7,013,700</u>
<b>Net Assets Released From Restriction</b>	<u>1,601,400</u>	<u>(1,601,400)</u>	<u>-</u>	<u>1,566,517</u>	<u>(1,566,517)</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>5,613,107</u>	<u>1,512,050</u>	<u>7,125,157</u>	<u>5,223,676</u>	<u>1,790,024</u>	<u>7,013,700</u>
<b>Expenses</b>						
Program services	4,589,080	-	4,589,080	4,008,018	-	4,008,018
Management and general	442,140	-	442,140	438,071	-	438,071
Fundraising	638,778	-	638,778	601,223	-	601,223
<b>Total Expenses</b>	<u>5,669,998</u>	<u>-</u>	<u>5,669,998</u>	<u>5,047,312</u>	<u>-</u>	<u>5,047,312</u>
<b>Change in Net Assets For The Year</b>	(56,891)	1,512,050	1,455,159	176,364	1,790,024	1,966,388
<b>Net Assets at Beginning 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>
<b>Net Assets at End of Year</b>	<u>\$ 3,299,374</u>	<u>\$ 5,176,741</u>	<u>\$ 8,476,115</u>	<u>\$ 3,356,265</u>	<u>\$ 3,664,691</u>	<u>\$ 7,020,956</u>

The accompanying notes are an integral part of these financial statements

**UrbanPromise Ministries, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2023 and 2022**

	2023				2022				Year over Year \$ Change
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total	
Salaries	\$ 2,490,782	\$ 89,669	\$ 307,438	\$ 2,887,889	\$ 2,164,874	\$ 89,669	\$ 307,438	\$ 2,561,981	\$ 325,908
Employee benefits	214,845	12,541	42,997	270,383	302,771	12,541	42,997	358,309	(87,926)
Payroll taxes	214,353	7,929	27,186	249,468	191,438	7,929	27,186	226,553	22,915
	<u>2,919,980</u>	<u>110,139</u>	<u>377,621</u>	<u>3,407,740</u>	<u>2,659,083</u>	<u>110,139</u>	<u>377,621</u>	<u>3,146,843</u>	<u>260,897</u>
Direct fundraising costs	98,176	-	-	98,176	122,774	-	-	122,774	(24,598)
In-kind contributions	220,677	4,543	13,867	239,087	177,231	3,730	11,191	192,152	46,935
Interest expense	-	77,953	-	77,953	-	80,659	-	80,659	(2,706)
Legal, accounting and professional expense	2,132	89,549	121,530	213,211	1,836	100,475	104,636	206,947	6,264
Occupancy	480,625	54,495	13,756	548,876	421,155	49,662	12,415	483,232	65,644
Office expense	56,717	46,403	68,745	171,865	53,987	44,172	65,440	163,599	8,266
Other direct programming expense	558,261	10,701	25,565	594,527	372,936	7,149	17,078	397,163	197,364
Postage and printing	1,983	622	355	2,960	2,505	733	442	3,680	(720)
Telephone expense	12,010	3,938	3,741	19,689	11,222	3,680	3,496	18,398	1,291
Training and conferences	2,228	20,176	1,056	23,460	1,715	15,522	812	18,049	5,411
Transportation expense	72,111	396	6,736	79,243	27,760	153	2,593	30,506	48,737
	<u>1,504,920</u>	<u>308,776</u>	<u>255,351</u>	<u>2,069,047</u>	<u>1,193,121</u>	<u>305,935</u>	<u>218,103</u>	<u>1,717,159</u>	<u>351,888</u>
Depreciation	164,180	23,225	5,806	193,211	155,814	21,997	5,499	183,310	9,901
	<u>\$ 4,589,080</u>	<u>\$ 442,140</u>	<u>\$ 638,778</u>	<u>\$ 5,669,998</u>	<u>\$ 4,008,018</u>	<u>\$ 438,071</u>	<u>\$ 601,223</u>	<u>\$ 5,047,312</u>	<u>\$ 622,686</u>

The accompanying notes are an integral part of these financial statements

**UrbanPromise Ministries, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,455,159	\$ 1,966,388
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	193,211	183,310
Bad debt expenses	125,657	94,245
Changes in assets and liabilities:		
Tuition and other receivables	(30,036)	(34,289)
Prepaid expenses	(27,882)	14,233
Contributions receivable	(739,007)	(411,225)
Grant receivable	(203,500)	(72,500)
Employee retention credit receivable	(46,212)	(726,553)
Accounts payable and accrued expenses	165,129	(64,059)
Contract liabilities	(220)	(2,524)
Due to related organizations	19,434	(46,065)
<b>Net Cash Provided By Operating Activities</b>	<b>911,733</b>	<b>900,961</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(110,251)	(259,977)
<b>Cash Flows from Financing Activities</b>		
Net borrowings (repayments) on long-term debt	(82,398)	(48,738)
<b>Net Increase in Cash and Cash Equivalents</b>	719,084	592,246
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning</b>	<b>2,578,317</b>	<b>1,986,071</b>
<b>Cash, Cash Equivalents, and Restricted Cash, Ending</b>	<b>\$ 3,297,401</b>	<b>\$ 2,578,317</b>



**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

**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 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 Christian 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. They can also include 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 of or all of the income earned to be used for current operations.

*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, 2023 and 2022**

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:

	<b>2023</b>	<b>2022</b>
Cash and Cash Equivalents: Operation	\$ 856,919	\$ 889,497
Cash and Cash Equivalents: Rooted to Grow	2,433,519	1,681,857
Cash-Children's Direct Benefit Fund	6,963	6,963
Total cash, cash equivalents, and restricted cash	\$3,297,401	\$2,578,317

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, 2023 and 2022, 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, 2023 and 2022 there was a reserve of \$190,657 and \$146,489, 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 Christian 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 judgment 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, 2023 and 2022 was \$132,168 and \$159,479, 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, 2023 and 2022**

*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.

*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, 2023 and 2022 may not be fully collected. Accordingly, an allowance for doubtful accounts was estimated to be \$105,657 and \$81,489, respectively.

*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, 2023 and 2022 UrbanPromise recognized \$239,087 and \$189,152 of noncash assets and donated services, respectively. For the year ended June 30, 2023 and 2022, the Organization received meal donations with fair market value of \$199,642 and \$129,291, respectively.

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

*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.

*Advertising Costs*

The cost for advertising is expensed as incurred. The total advertising expense for the years ended June 30, 2023 and 2022 is \$98,176 and \$122,774, respectively.

*Reclassification*

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

*Subsequent Events*

The Organization evaluated events for recognition on disclosure through November 7, 2023, 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:

	<b>2023</b>	<b>2022</b>
Receivables in less than one year	\$1,538,664	\$891,156
Receivable allowances	(105,657)	(42,705)
Total unconditional promises to give	\$1,433,007	\$799,657

**3. Grants Receivable**

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

Years ending June 30:	2024	\$ 226,750
	2025	200,750
	2026	20,000
	2027	20,000
		\$ 467,500

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

**4. Property and Equipment**

Property and Equipment as of June 30, 2023 and 2022 consists of the following:

	<b>2023</b>	<b>2022</b>
Buildings	\$5,092,493	\$5,092,493
Buildings improvements	989,549	852,840
Land and land improvements	91,219	91,219
Vehicles	299,139	299,139
Office Equipment	327,679	327,679
	6,800,079	6,663,370
Accumulated depreciation	(2,530,407)	(2,337,196)
	<b>\$4,269,672</b>	<b>\$4,326,174</b>

Depreciation expense was \$193,211 and \$183,310 for the years ended June 30, 2023 and 2022, 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:

	<b>06/30/2023</b>	<b>06/30/2022</b>
Timing of Revenue Recognition		
Goods and services transferred over time	\$ 132,168	\$ 159,479

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 7/1/21	\$ 18,532	\$ -	\$ 3,849
Balance 6/30/22	\$ 42,055	\$ -	\$ 1,325
Balance 6/30/23	\$ 54,301	\$ -	\$ 1,105

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

*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 results in contract liabilities until the obligation is met. Contract liabilities consist of deferred tuition which totaled \$1,105 and \$1,325 for the years ended June 30, 2023 and 2022, respectively.

**6. Line of Credit**

UrbanPromise has a \$500,000 line of credit with WSFS Bank that is secured by the real property with a maturity date of December 31, 2023. As of June 30, 2023 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, 2023 and 2022**

**7. Long-Term Debt**

	2023	2022
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.	\$ 36,820	\$ 44,073
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.	1,013,708	1,053,240
c. A note payable to WSFS 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.	378,460	404,094
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.	11,224	21,203
	1,440,212	1,522,610
Current Maturities	(466,107)	(112,585)
Long Term Portion	\$ 974,105	\$ 1,410,025

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

Years Ending June 30:

2024	\$ 466,107
2025	78,697
2026	78,261
2027	79,184
2028	68,936
Thereafter	669,027
	\$ 1,440,212

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

**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 short term receivables) as of June 30, 2023 and 2022, reduced by amounts not available for general expenditures within one year.

	<b>2023</b>	<b>2022</b>
Financial assets at year-end	\$ 5,792,024	\$ 4,334,592
Less: those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	5,176,741	3,664,691
Financial assets available to meet cash needs for general expenditure within one year	\$ 615,283	\$ 669,901

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

Net assets with donor restrictions as of June 30, 2023 and 2022 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.**  
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**10. Net Assets With Donor Restrictions**

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

	<u>2023</u>	<u>2022</u>
Alumni Higher Education Support	\$ 5,692	\$ 66,777
Children and Youth Programs	-	12,500
MKM Foundation	50,000	25,000
Children and Youth Programs	26,000	39,000
Experiential Learning	85,192	90,031
Fundraising Support	62,730	78,560
Camden Forward School	21,250	42,500
UrbanPromise Academy	-	2,419
COVID Relief – Technology	-	17,805
Girls Empowerment	-	5,000
Wellness	14,350	63,285
Street Leaders Program	200,000	55,000
Camden Home for Children	9,000	-
After School & Summer Programming	100,000	-
General Contribution	85,000	-
K to College	260	-
Longview	20,000	-
Emergency Family Fund	14,074	-
Employee Retention Credit	772,765	726,553
<b>Subtotal</b>	<u>1,466,313</u>	<u>1,224,430</u>
Rooted to Grow	<u>3,710,428</u>	<u>2,440,261</u>
<b>Total Net Assets with Donor Restrictions</b>	<u><u>\$5,176,741</u></u>	<u><u>\$3,664,691</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, 2023 and 2022, the Organization owed UPI \$38,495 and \$9,765, respectively.

The Organization also conducts business with other related organizations. As of June 30, 2023 and June 30, 2022 the amount due (to) from the organizations are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Community Development	\$ -	\$ (9,296)

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

**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, 2023 and 2022 was \$30,000 and \$27,500, 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 matches \$1 for every \$4 the employee contributes up to 1% of gross salary. The total retirement benefit expense for the years ended June 30, 2023 and 2022 is \$46,761 and \$40,886, respectively.

**14. Concentration of Credit Risk**

UrbanPromise maintains its cash accounts in various commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation. At June 30, 2023 and 2022 the Organization has cash accounts at 2 banks that have exceeded the insured amount.

Grants receivable also exposes that Organization to credit risk. At June 30, 2023, 78% of the balance is receivable from four grantors. At June 30, 2022, 76% 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, 2023 and 2022.

Currently, the 2020, 2021, and 2022 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 been 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>2023</u>	<u>2022</u>
Interest	\$ <u>77,953</u>	\$ <u>80,659</u>

**UrbanPromise Ministries, Inc.**  
**Notes to Financial Statements**  
**Years Ended June 30, 2023 and 2022**

**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.

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 statement of activities. As of the year ended June 30, 2023, the organization earned \$46,212 of interest on the ERC owed, and the total amount of \$772,765 was due and included with current assets on the statements of financial position.