

**URBAN YOUTH IMPACT, INC. AND  
URBAN YOUTH LEGACY FOUNDATION, INC.**

**COMBINED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
AUGUST 31, 2021**

**URBAN YOUTH IMPACT, INC.**  
**TABLE OF CONTENTS**

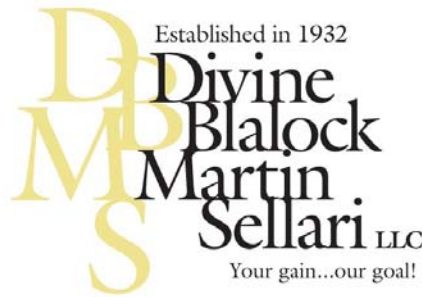
---

	<u>Page</u>
Independent Auditors' Report .....	1
Combined Statement of Financial Position.....	3
Combined Statement of Activities .....	4
Combined Statement of Functional Expenses .....	5
Combined Statement of Cash Flows.....	6
Notes to the Combined Financial Statements.....	7

GARY B. SELLARI, CPA\*/PFS, MSM  
SCOTT A. STEIN, CPA\*\*\*  
SUZI J. RAPP, CPA\*, MAC  
B. CHARLES SELLARI, CPA\*, MTAX  
J. RONALD ANDERSON, CPA\*\*/ABV  
TOM KEYS, CPA\*, CGMA

VICTORIA BOLSKAR, CPA\*\*\*\*, LTD  
DUSTAN J. BROWN, CPA\*\*\*\*\*  
MARY L. CONTESSA, CPA\*, PA  
STEVE A. GOINDOO, CPA\*\*\*/PFS, MTAX, CFP®  
SHARON HOWARD, CPA, CMA, MST\*\*\*\*\*  
CANDACE ANTEZANA KLOTZBIER, CPA\*  
CHRISTINE M. MCKENNA, CPA\*  
ROBERT REYNOLDS, CPA\*\*\*\*\*  
JAMIE M. RUSSO, CPA\*  
JANET SCALZITTI, CPA\*\*\*\*\*  
APRIL M. SINNOTT, CPA\*  
ARTHUR J. SINNOTT, CPA\*\*

BARBARA AHEARN-DUNN, EA  
KELLY BEACH, EA  
JACQUELINE CARTIER, EA  
ANTHONY J. SELLARI, EA



**Certified Public Accountants and Consultants**

580 Village Boulevard, Suite 110  
West Palm Beach, FL 33409  
Phone: (561) 686-1110 Fax: (561) 686-1330  
Toll Free: 1-888-686-1115  
info@dbmscpa.com

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

WILBUR F. DIVINE, III, CPA (1896-1964)  
WILBUR F. DIVINE, IV, CPA (1925-1989)  
JAMES A. BLALOCK, CPA (1914-1996)  
G. MICHAEL MARTIN, CPA (1945-2014)

\*REGULATED BY THE STATE OF FL  
\*\*REGULATED BY THE STATE OF FL AND  
THE STATE OF TN  
\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NY  
\*\*\*\*REGULATED BY THE STATE OF WI  
\*\*\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NJ  
\*\*\*\*\*REGULATED BY THE STATE OF NJ  
\*\*\*\*\*REGULATED BY THE STATE OF NY  
\*\*\*\*\*REGULATED BY THE STATE OF FL  
AND THE STATE OF NC

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Urban Youth Impact, Inc.  
West Palm Beach, FL

We have audited the accompanying combined financial statements of Urban Youth Impact, Inc. (a nonprofit organization) and Urban Youth Legacy Foundation, Inc., which comprise the combined statement of financial position as of August 31, 2021 and the related combined statements of activities, and cash flows for the year 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.

### Auditor's 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 auditor's 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Urban Youth Impact, Inc. and Urban Youth Legacy Foundation, Inc. as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Divine, Blalock, Martin & Sellari, LLC*

**DIVINE, BLALOCK, MARTIN & SELLARI, LLC**

**West Palm Beach, Florida**

**March 9, 2022**

**URBAN YOUTH IMPACT, INC.**  
**COMBINED STATEMENT OF FINANCIAL POSITION**  
**AUGUST 31, 2021**

---

<b>Assets</b>	
Cash and cash equivalents	\$ 769,814
Unconditional promise to give, current	108,788
Prepaid expenses and other assets	<u>4,718</u>
<b>Total Current Assets</b>	<b>883,320</b>
Unconditional promise to give, net	150,000
Property and equipment, net	<u>6,769,891</u>
<b>Total Assets</b>	<b><u><u>\$ 7,803,211</u></u></b>
<b>Liabilities and Net Assets</b>	
Accounts payable	\$ 84,675
Accrued expenses	248,239
Line of credit	150,000
Current portion of long-term debt	<u>3,077</u>
<b>Total Current Liabilities</b>	<b>485,991</b>
Long-term debt, net	<u>19,271</u>
<b>Total Liabilities</b>	<b>505,262</b>
<b>Net Assets</b>	
Without donor restrictions	6,480,681
With donor restrictions	<u>817,268</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 7,803,211</u></u></b>

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

**URBAN YOUTH IMPACT, INC.**  
**COMBINED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues</b>			
Contributions	\$ 477,475	\$ 930,997	\$ 1,408,472
Grants & foundations	1,344,990	-	1,344,990
Special events, net	216,669	-	216,669
Other income	42,477	-	42,477
Forgiveness of PPP loan	332,293		332,293
Net assets released from restriction	1,536,550	(1,536,550)	-
<b>Total Revenues</b>	<u>3,950,454</u>	<u>(605,553)</u>	<u>3,344,901</u>
<b>Expenses</b>			
Program services	2,819,328	-	2,819,328
Management and general	151,452	-	151,452
Fundraising	278,544	-	278,544
<b>Total Expenses</b>	<u>3,249,324</u>	<u>-</u>	<u>3,249,324</u>
<b>Change in Net Assets</b>	701,130	(605,553)	95,577
<b>Net Assets, beginning of period</b>	<u>5,779,551</u>	<u>1,422,821</u>	<u>7,202,372</u>
<b>Net Assets, end of period</b>	<u><u>\$ 6,480,681</u></u>	<u><u>\$ 817,268</u></u>	<u><u>\$ 7,297,949</u></u>

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

**URBAN YOUTH IMPACT, INC.**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>Program Expenses</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising & promotion	\$ 2,743	\$ 170	\$ 73	\$ 2,986
Travel & transportaion	14,117	2,127	3,094	19,338
Repairs & maintenance	32,076	4,833	7,030	43,939
Bank fees	12,889	1,942	2,825	17,656
Events	57,188	21	9	57,218
Supplies	108,014	4,877	2,090	114,981
Meals & entertainment	63,408	671	287	64,366
Dues & subscriptions	46,321	3,444	1,475	51,240
Field trip	14,760	-	-	14,760
Legal & accounting	12,232	1,843	2,681	16,756
Printing & postage	43,931	3,417	1,464	48,812
Professional services	5,649	-	-	5,649
Insurance	64,818	9,767	14,207	88,792
Interest	2,367	357	519	3,243
Cultivation & stewardship	6,593	513	220	7,326
Curriculum	12,490	-	-	12,490
Contract labor/consulting	9,104	709	303	10,116
License, taxes & permits	12,899	834	1,213	14,946
Rent	6,911	-	-	6,911
Service contracts	19,172	1,491	639	21,302
Scholarship	152	-	-	152
Software	18,017	886	380	19,283
Telephone	11,943	1,800	2,618	16,361
Training & education	35,797	611	262	36,670
Utilities	48,769	7,349	10,689	66,807
Volunteer program	1,660	129	55	1,844
Youth wages	20,751	-	-	20,751
Depreciation	156,086	29,731	-	185,817
Donations & benevolence	5,779	1,624	2,363	9,766
Wages & salaries-supporting	1,022,262	58,962	183,955	1,265,179
Wages & salaries-direct	599,221	-	-	599,221
Payroll taxes & benefits	351,209	13,344	40,093	404,646
<b>Total</b>	<b>\$ 2,819,328</b>	<b>\$ 151,452</b>	<b>\$ 278,544</b>	<b>\$ 3,249,324</b>

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

**URBAN YOUTH IMPACT, INC.**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

---

**Cash Flows from Operating Activities:**

Change in net assets	\$	95,577
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		185,817
PPP loan forgiveness		(332,293)
Gain on disposal of property and equipment		(3,461)
(Increase) decrease in:		
Accounts receivable		(51,683)
Prepaid expense		4,837
Increase (decrease) in:		
Accounts payable		39,590
Accrued expenses		159,785
		159,785

**Net Cash Provided by Operating Activities:** 98,169

**Net Cash Used in Investing Activities:**

Purchases of property and equipment		(1,011,704)
-------------------------------------	--	-------------

**Net Cash Provided by Financing Activities:**

Payments on long-term debt		(3,669)
Proceeds on long-term debt		26,017
Advance on line of credit		150,000
		150,000

**Net Cash Provided by Financing Activities:** 172,348

**Net Decrease in Cash and Cash Equivalents** (741,187)

<b>Cash and Cash Equivalents - beginning of period</b>		1,511,001
--	--	-----------

<b>Cash and Cash Equivalents - end of period</b>	<b>\$</b>	769,814
--	-----------	---------

**Additional Supplemental Information**

Interest paid	<b>\$</b>	3,243
---------------	-----------	-------

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



**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

---

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

The Urban Youth Impact, Inc. (the "Organization"), located in the West Palm Beach, Florida, is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the code. The Organization was established in 1998 for the purpose of reaching out to inner city youth with the love of Christ; equipping and empowering them to grow as a whole person so that they may have a positive impact on their community.

In August 2021, the Urban Youth Legacy Foundation, Inc. (the "Foundation") was created. The Foundation was specifically established to promote and support the mission, goals and activities of the Organization. The Organization and Foundation (combined hereinafter referred to as "Organization") are presented in these financials on a combined basis.

**Basis of accounting**

The Organization's combined financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities.

**Basis of presentation**

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

**Net assets without donor restrictions** – Net assets available for the support of the Organization's operations. The net assets without donor restrictions may be used at the discretion of the Organization's management and the Board of Directors.

**Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and Net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

The amounts for each class of net assets are required to be displayed in a statement of financial position and the amount of the change in each class of net assets are required to be displayed in a statement of activities.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

---

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Principles of Combination**

The combined financial statements of the Organization are comprised of Urban Youth Impact, Inc. and the Urban Youth Legacy Foundation, Inc. The accounts of the Organization and the Foundation are under common control of the Organization's Board of Directors. All inter-organizational balances and significant transactions have been eliminated.

**Cash and cash equivalents**

Bank deposit accounts are maintained at high credit-facility financial institutions. The Organization considers all demand deposit accounts and liquid investments available for current use with an initial maturity three months or less to be cash equivalents. Money market funds held by the custodian of the mutual funds are considered cash equivalents.

**Contributions**

The Organization recognizes contributions, including promises to give without donor restrictions, as revenue in the period received, at their fair value. Contributions are reported as changes in net assets with or without donor restrictions depending on the existence or absence of donor stipulations that limit the use of the support. The Organization reports gifts of cash and other assets as assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Management believes that the Organization will ultimately collect the entire balance due, therefore no collection allowance has been made for promises to give.

**Grants receivable**

Grants receivable represent allowable expenditures, which have not yet been reimbursed by the grantor agency. Management believes that the Organization will ultimately collect the entire balance due, therefore no collection allowance has been made for these receivables.

**Property and equipment**

Property and equipment acquisitions of \$1,500 or more are capitalized while lesser amounts are expensed. Property items received as gifts are recorded at their estimated market value as of the date of the gift. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives, as follows:

Buildings and improvements	19-40 years
Furniture, fixtures, and equipment	5-10 years
Computer equipment	3-5 years

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

---

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income taxes**

The Organization qualifies as a tax-exempt organization other than a private foundation, under Section 501(c) (3) of the Internal Revenue Code and therefore, has no provision for federal income taxes. The Organization qualifies as a public charity under the Internal Revenue Code.

The Organization files required income tax returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2017. The Organization has concluded no material uncertain tax positions have been taken on any open tax returns. For the current year the Organization believes all tax positions are fully supportable by existing Federal law and related interpretations and there are no uncertain tax positions to consider.

**Concentrations of credit risk**

The Organization maintains its cash in high quality financial institutions and at times may exceed the federal deposit insurance limits. The Organization has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. At August 31, 2021, the deposits with financial institutions exceeded federal deposit insurance by \$331,822.

**Special events, net**

The Organization conducts special events for the purpose of raising money for operations and for the child care building. The Organization had special event revenues of \$276,557 less related expenses of \$59,888 for the period ended August 31, 2021.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of estimates include, but are not limited to, amounts earned in the reporting period under grant contracts, the estimated value of in-kind services, the allocation of expenses among program and support categories, and useful lives of depreciable assets. Actual results could differ from those estimates.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

---

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional expenses**

The Organization allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification in the statement of activities. Other expenses that are common to several functions are allocated by various statistical bases.

**Advertising**

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising was \$2,986 for the period ended August 31, 2021.

**Changes in Accounting Principles**

In June 2018, the FASB released ASU 2014-09, Revenue from Contracts with Customers, made effective for the Organization for the year ending August 31, 2021. ASU 2014-09 seeks to clarify the principles for recognizing revenue based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for those goods and services. The adoption of ASU 2014-09 resulted in no impact to the financial statement during the year ended August 31, 2021.

**Recent Accounting Pronouncements**

The FASB has issued the following accounting standards updates that may affect the Organization in future years. Management has not completed its analysis of effects, if any, of the following updates:

ASU 2016-02, Leases, will be effective for the Organization for the year ending August 31, 2022 and must be adopted using a modified retrospective method. ASU 2016-02 generally requires lessees to recognize assets and liabilities arising from leases on the statement of financial position.

ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, will be effective for the year ending August 31, 2022. ASU 2020-07 seeks to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

---

**NOTE B – PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment and related accumulated depreciation as of August 31, 2021:

Building and improvements	\$ 5,329,754
Land	1,651,366
Furniture, fixtures and equipment	317,499
Autos and trucks	183,459
Construction in progress	<u>947,341</u>
Less: accumulated depreciation	<u>(1,659,528)</u>
Property and equipment, net	<u>\$ 6,769,891</u>

Depreciation expense for the period ended August 31, 2021 was \$185,817.

**NOTE C – LINE OF CREDIT**

On May 06, 2021, Wells Fargo Bank (the Lender) agreed to renew the revolving line of credit of \$250,000. Interest shall accrue on the unpaid balance at the greater of a floating rate equal to the Index plus 0.750%, or the Floor Rate of 5.0%. The Index is the Prime Rate set by the Lender from time to time and was 4.00% as of August 31, 2021. The line of credit will be due on May 10, 2022. The outstanding balance of this line as of August 31, 2021 was \$150,000.

**NOTE D – NOTE PAYABLE**

On May 3, 2020, the Organization received a loan of \$332,293 from Wells Fargo Bank under the Paycheck Protection Program (“PPP”) administered by the Small Business Administration (“SBA”) pursuant to the Coronavirus Air, Relief and Economic Security Act (“Cares Act”). The note payable agreement has an interest rate of 1% with monthly principal and interest payments beginning in November 2020 and maturing in May 2022. The PPP loan and accrued interest may be forgiven provided the loan proceeds are used for eligible expenditures under the Act, including payroll, benefits, rent and utilities, and the Organization meets other requirements of the Act for loan forgiveness. On June 17, 2021, the Organization received forgiveness from the SBA for the entire principal amount of \$332,293.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

---

**NOTE E – NET ASSETS**

Net assets with donor restrictions include restrictions for specified purposes. For the period ended August 31, 2021, net assets were released from donor restrictions by incurring expenses satisfying the stated restrictions.

Changes in net assets with donor restrictions at August 31, 2021 and for the period then ended consisted of the following:

	August 31, 2020	Contributions	Released	August 31, 2021
Grant Funds	\$ 295,153	\$ 685,240	\$ (485,781)	\$ 494,612
Capital Funds	1,127,668	245,757	(1,050,769)	322,656
	<u>\$ 1,422,821</u>	<u>\$ 930,997</u>	<u>\$(1,536,550)</u>	<u>\$ 817,268</u>

In August 2021, The Organization transferred \$60,000 of restricted capital funds to the Urban Youth Legacy Foundation, Inc. The Foundation has assumed oversight of the Organization’s Capital campaign and all restrictions on these funds have been maintained. In addition, the Organization donated \$5,000 to the Foundation during the year ended August 31, 2021.

**NOTE F - FAIR VALUE MEASUREMENTS**

The Organization uses a three-tier hierarchy established by the FASB ASC to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1: quoted prices in active markets for identical investments.
- Level 2: other significant observable inputs (including quoted prices for similar investments in active markets, interest rates and yield curves, prepayment speeds, credit risks, etc.)
- Level 3: significant unobservable inputs (including the Organization’s own assumptions in determining the fair value of investments).

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

---

**NOTE G – COMMITMENTS AND CONTINGENCIES**

The Organization leases certain office equipment under operating lease arrangements.

Future annual lease payments for office equipment for the remaining terms of the leases in effect at August 31, 2021 are as follows:

<u>Year Ending August 31,</u>	<u>Total</u>
2022	\$ 17,124
2023	17,124
2024	7,918
2025	-
2026	-
	\$ 42,166

**NOTE H – LIQUIDITY**

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position date.

Financial assets:	
Cash and cash equivalents	\$ 769,814
Unconditional promise to give	258,788
Total financial assets, at year end	1,028,602
Less those unavailable for general expenditures within one year due to:	
Donor restricted	(817,268)
Financial assets available to meet cash needs for general expenditures within one year	\$ 211,334

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE I – SUBSEQUENT EVENTS**

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position date, August 31, 2021, for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through March 9, 2022, which is the date the financial statements were available to be issued.