

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

**COMBINED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
AUGUST 31, 2022 AND 2021**

**URBAN YOUTH IMPACT, INC.**  
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## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

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 statements of financial position as of August 31, 2022 and 2021 and the related combined statements of activities, and cash flows for the year 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 Urban Youth Impact, Inc. as of August 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Urban Youth Impact, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the

Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's 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 Organization'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 the Organization'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.

*Divine, Blalock, Martin & Sellari, LLC*

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

**West Palm Beach, Florida  
March 30, 2023**

**URBAN YOUTH IMPACT, INC.**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
**AUGUST 31, 2022 AND 2021**

Assets	2022	2021
Cash and cash equivalents	\$ 403,685	\$ 769,814
Investments	487,494	-
Unconditional promise to give, current	101,867	108,788
Prepaid expenses and other assets	2,027	4,718
<b>Total Current Assets</b>	995,073	883,320
Unconditional promise to give, net	-	150,000
Property and equipment, net	6,712,356	6,769,891
<b>Total Assets</b>	\$ 7,707,429	\$ 7,803,211
<b>Liabilities and Net Assets</b>		
Accounts payable	\$ 31,647	\$ 84,675
Accrued expenses	74,015	248,239
Line of credit	100,104	150,000
Current portion of long-term debt	3,815	3,077
<b>Total Current Liabilities</b>	209,581	485,991
Long-term debt, net	15,144	19,271
<b>Total Liabilities</b>	224,725	505,262
<b>Net Assets</b>		
Without donor restrictions	7,219,460	6,480,681
With donor restrictions	263,244	817,268
<b>Total Net Assets</b>	7,482,704	7,297,949
<b>Total Liabilities and Net Assets</b>	\$ 7,707,429	\$ 7,803,211

*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, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues</b>			
Contributions	\$ 1,509,323	\$ 605,000	\$ 2,114,323
Grants & foundations	1,266,424	-	1,266,424
Special events, net	268,651	-	268,651
Investment income	(2,911)	-	(2,911)
Other income	155,534	-	155,534
Net assets released from restriction	1,159,024	(1,159,024)	-
<b>Total Revenues</b>	<u>4,356,045</u>	<u>(554,024)</u>	<u>3,802,021</u>
<b>Expenses</b>			
Program services	3,095,425	-	3,095,425
Management and general	222,826	-	222,826
Fundraising	299,015	-	299,015
<b>Total Expenses</b>	<u>3,617,266</u>	<u>-</u>	<u>3,617,266</u>
<b>Change in Net Assets</b>	738,779	(554,024)	184,755
<b>Net Assets, beginning of period</b>	<u>6,480,681</u>	<u>817,268</u>	<u>7,297,949</u>
<b>Net Assets, end of period</b>	<u><u>\$ 7,219,460</u></u>	<u><u>\$ 263,244</u></u>	<u><u>\$ 7,482,704</u></u>

*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**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<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, 2022**

	<u>Program Expenses</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Advertising & promotion	\$ 3,037	\$ 236	\$ 101	\$ 3,374
Travel & transportaion	21,626	3,259	4,739	29,624
Repairs & maintenance	20,474	3,085	4,488	28,047
Bank fees	50,263	7,431	10,654	68,348
Events	109,554	1,487	637	111,678
Supplies	112,883	4,284	1,855	119,022
Meals & entertainment	90,206	981	420	91,607
Dues & subscriptions	28,695	1,834	786	31,315
Field trip	12,462	-	-	12,462
Legal & accounting	19,006	2,864	4,165	26,035
Printing & postage	34,966	2,720	1,165	38,851
Professional services	7,950	28	12	7,990
Insurance	110,585	16,664	24,238	151,487
Interest	3,935	593	862	5,390
Cultivation & stewardship	21,241	1,046	448	22,735
Contract labor/consulting	52,820	4,108	1,761	58,689
License, taxes & permits	7,450	1,065	1,548	10,063
Rent	9,766	-	-	9,766
Service contracts	26,916	2,093	898	29,907
Software	16,173	1,115	478	17,766
Telephone	22,609	3,407	4,955	30,971
Training & education	21,637	1,132	485	23,254
Utilities	58,683	8,843	12,861	80,387
Volunteer program	2,784	217	92	3,093
Youth wages	18,108	-	-	18,108
Depreciation	168,360	32,069	-	200,429
Donations & benevolence	473,033	71,279	103,678	647,990
Wages & salaries-supporting	694,100	42,297	97,665	834,062
Wages & salaries-direct	626,160	-	-	626,160
Payroll taxes & benefits	249,943	8,689	20,024	278,656
<b>Total</b>	<b><u>\$ 3,095,425</u></b>	<b><u>\$ 222,826</u></b>	<b><u>\$ 299,015</u></b>	<b><u>\$ 3,617,266</u></b>

*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 STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED AUGUST 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 184,755	\$ 95,577
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	200,429	185,817
PPP loan forgiveness	-	(332,293)
Realized and unrealized loss (gain) on investments	2,911	-
Gain on disposal of property and equipment	-	(3,461)
(Increase) decrease in:		
Accounts receivable	156,921	(51,683)
Prepaid expense	2,691	4,837
Increase (decrease) in:		
Accounts payable	(53,028)	39,590
Accrued expenses	(174,224)	159,785
<b>Net Cash Provided by Operating Activities:</b>	<b>320,455</b>	<b>98,169</b>
<b>Net Cash Used in Investing Activities:</b>		
Purchases of property and equipment	(142,894)	(1,011,704)
Purchases of investments	(578,867)	-
Proceeds from the sales of investments	88,462	-
<b>Net Cash Used in Investing Activities</b>	<b>(633,299)</b>	<b>(1,011,704)</b>
<b>Net Cash Provided by Financing Activities:</b>		
Payments on long-term debt	(3,389)	(3,669)
Proceeds on long-term debt	-	26,017
Payments on line of credit	(49,896)	-
Advance on line of credit	-	150,000
<b>Net Cash Provided (Used) by Financing Activities:</b>	<b>(53,285)</b>	<b>172,348</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(366,129)</b>	<b>(741,187)</b>
<b>Cash and Cash Equivalents - beginning of period</b>	<b>769,814</b>	<b>1,511,001</b>
<b>Cash and Cash Equivalents - end of period</b>	<b>\$ 403,685</b>	<b>\$ 769,814</b>
<b>Additional Supplemental Information</b>		
Interest paid	\$ 5,390	\$ 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, 2022 AND 2021**

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**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, 2022 AND 2021**

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**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.

**Investments**

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value in the Combined Statement of Financial Position. Realized gains and losses from security transactions are reported on the specific identification method based on the difference between sales price of the security and its cost basis. Unrealized gains and losses are included in the accompanying Combined Statement of Activities as increases or decreases in net assets.

The Foundation manages its investment risk by the ongoing monitoring efforts of a committee of Board members and the employments of an independent professional investment advisor.

**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.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**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

**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 2018. 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, 2022 and 2021, the deposits with financial institutions exceeded federal deposit insurance by \$25,294 and \$331,822, respectively.

**Special events, net**

The Organization conducts special events for the purpose of raising money for operations and for the child care building. For the periods ended August 31, 2022 and 2021, the Organization had special event revenues of \$356,332 and \$276,557 less related expenses of \$87,681 and \$59,888, respectively.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

**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.

**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 \$3,374 and \$2,986 for the periods ended August 31, 2022 and 2021, respectively.

**Changes in accounting principles**

In September 1, 2021, the Organization adopted FASB ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This ASU requires not-for-profit entities to present contributed nonfinancial assets in the statement of activities separately from other contributions. Additionally, the ASU enhances disclosure regarding the entity's policies related to the monetization or utilization of the contributed nonfinancial assets. There was no change in net assets as a result of the adoption of this ASU.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE B – PROPERTY AND EQUIPMENT**

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

	<u>2022</u>	<u>2021</u>
Building and improvements	\$ 5,329,754	\$ 5,329,754
Land	1,651,366	1,651,366
Furniture, fixtures and equipment	372,893	317,499
Autos and trucks	227,459	183,459
Construction in progress	<u>990,841</u>	<u>947,341</u>
Less: accumulated depreciation	<u>(1,859,957)</u>	<u>(1,659,528)</u>
Property and equipment, net	<u>\$ 6,712,356</u>	<u>\$ 6,769,891</u>

Depreciation expense for the period ended August 31, 2022 and 2021 was \$200,429 and \$185,817, respectively.

**NOTE C – INVESTMENTS**

Investments are stated at fair value which is the market value and consists of the following as of August 31, 2022:

	<u>Fair Market Value</u>	<u>Cost</u>
Equities	\$ 347,106	\$ 349,155
Fixed Income	135,107	136,459
Commodities	<u>5,281</u>	<u>5,693</u>
	<u>\$ 487,494</u>	<u>\$ 491,307</u>

Investments as of August 31, 2022 are classified as unrestricted net assets. Investment return is reported in unrestricted net assets unless specifically restricted and is reported net of investments expenses on the Statement of Activities. The total investment expenses were \$1,299 for the year ended August 31, 2022.

**URBAN YOUTH IMPACT, INC.**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE D – 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 was due on May 10, 2022. The outstanding balance of this line as of August 31, 2021 was \$150,000.

On August 10, 2022, The Organization entered into a new revolving line of credit with PNC Bank with a maximum borrowing of \$250,000. Interest shall accrue on the unpaid balance at the rate equal to the Index plus 0.82%. The Index is the Prime Rate set by the Lender from time to time and was 5.5% at August 31, 2022. The outstanding balance of this line as of August 31, 2022 was \$100,104.

**NOTE E – 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.

On January 6, 2021, the Organization entered into a note payable collateralized by certain transportation equipment. The amount financed was \$25,720 with an interest rate of 4.39%. The note payable repaid with 72 monthly installments of principal and interest of \$408. The outstanding balance at August 31, 2022 and 2021 was \$18,959 and \$22,348, respectively.

The maturities of long-term debt as of August 31, 2022 are as follows:

	<u>Total</u>
2023	\$ 3,815
2024	4,314
2025	4,507
2026	4,709
2027	<u>1,614</u>
	<u>\$ 18,959</u>



**URBAN YOUTH IMPACT, INC.**  
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**NOTE F – NET ASSETS**

Net assets with donor restrictions include restrictions for specified purposes. For the period ended August 31, 2022 and 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, 2022 and for the period then ended consisted of the following:

	August 31, 2021	Contributions	Released	August 31, 2022
Grant Funds	\$ 494,612	\$ 505,000	\$ (936,368)	\$ 63,244
Capital Funds	322,656	100,000	(222,656)	200,000
	<u>\$ 817,268</u>	<u>\$ 605,000</u>	<u>\$ (1,159,024)</u>	<u>\$ 263,244</u>

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. During the year ended August 31, 2022 and 2021, the Organization donated \$171,845 and \$5,000 to the Foundation, respectively.

**URBAN YOUTH IMPACT, INC.**  
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**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).

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The methods used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

The Organization has no assets classified as Level 2 or Level 3. Level 1 assets include investments in closed end funds and exchange traded products.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at August 31, 2022 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>Unrestricted Investments</u>		
Equities	\$ 347,106	\$ 347,106
Fixed Income	135,107	135,107
Commodities	5,281	5,281
	\$ 487,494	\$ 487,494

**NOTE G - RETIREMENT PLAN**

The Organization has adopted a Simple Individual Retirement Account Program which provides a matching provision from the Organization on employee contributions up to 3% of the employees' compensation. Match contributions at August 31, 2022 and 2021 totaled \$18,905 and \$29,952, respectively.

**URBAN YOUTH IMPACT, INC.**  
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**NOTE H – 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, 2022 are as follows:

Year Ending August 31,	Total
2023	\$ 17,124
2024	7,918
2025	-
2026	-
2027	-
	\$ 25,042

**NOTE I – 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.

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 403,685	\$ 769,814
Investments	487,494	-
Unconditional promise to give	101,867	258,788
Total financial assets, at year end	993,046	769,814
Less those unavailable for general expenditures within one year due to:		
Donor restricted	(263,244)	(817,268)
Financial assets available to meet cash needs for general expenditures within one year	\$ 729,802	\$ (47,454)

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 J – 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, 2022, for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through March 30, 2023, which is the date the financial statements were available to be issued.