

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

**COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
AUGUST 31, 2023 AND 2022**

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 Affiliate (the Organization) which comprise the combined statements of financial position as of August 31, 2023 and 2022 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. and Affiliate as of August 31, 2023 and 2022, 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 Affiliate 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
January 30, 2024**

URBAN YOUTH IMPACT, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022

Assets		
	2023	2022
Cash and cash equivalents	\$ 289,892	\$ 403,685
Investments	521,109	487,494
Unconditional promise to give	5,036	101,867
Prepaid expenses and other assets	2,027	2,027
Total Current Assets	818,064	995,073
Right of use asset	63,974	-
Property and equipment, net	6,759,238	6,712,356
Total Assets	\$ 7,641,276	\$ 7,707,429
Liabilities and Net Assets		
Accounts payable	\$ 39,719	\$ 31,647
Accrued expenses	112,894	74,015
Line of credit	151,230	100,104
Lease liability - right of use asset - current portion	20,426	-
Long-term debt - current portion	3,815	3,815
Total Current Liabilities	328,084	209,581
Lease liability - right of use asset - net of current portion	43,548	-
Long-term debt - net of current portion	10,993	15,144
Total Liabilities	382,625	224,725
Net Assets		
Without donor restrictions	6,694,444	7,219,460
With donor restrictions	564,207	263,244
Total Net Assets	7,258,651	7,482,704
Total Liabilities and Net Assets	\$ 7,641,276	\$ 7,707,429

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, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Contributions	\$ 1,258,119	\$ 550,000	\$ 1,808,119
Grants & foundations	1,051,125	-	1,051,125
Special events, net	230,809	-	230,809
Investment income	35,626	-	35,626
Contribution of nonfinancial assets	130,723	-	130,723
Other income	112	-	112
Net assets released from restriction	249,037	(249,037)	-
Total Revenues	<u>2,955,551</u>	<u>300,963</u>	<u>3,256,514</u>
Expenses			
Program services	2,873,929	-	2,873,929
Management and general	331,677	-	331,677
Fundraising	274,961	-	274,961
Total Expenses	<u>3,480,567</u>	<u>-</u>	<u>3,480,567</u>
Change in Net Assets	(525,016)	300,963	(224,053)
Net Assets, beginning of period	<u>7,219,460</u>	<u>263,244</u>	<u>7,482,704</u>
Net Assets, end of period	<u>\$ 6,694,444</u>	<u>\$ 564,207</u>	<u>\$ 7,258,651</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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	\$ 1,377,746	\$ 605,000	\$ 1,982,746
Grants & foundations	1,266,424	-	1,266,424
Special events, net	268,651	-	268,651
Investment income	(2,911)	-	(2,911)
Contribution of nonfinancial assets	131,577	-	131,577
Other income	155,534	-	155,534
Net assets released from restriction	1,159,024	(1,159,024)	-
Total Revenues	4,356,045	(554,024)	3,802,021
Expenses			
Program services	3,095,425	-	3,095,425
Management and general	222,826	-	222,826
Fundraising	299,015	-	299,015
Total Expenses	3,617,266	-	3,617,266
Change in Net Assets	738,779	(554,024)	184,755
Net Assets, beginning of period	6,480,681	817,268	7,297,949
Net Assets, end of period	\$ 7,219,460	\$ 263,244	\$ 7,482,704

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, 2023

	<u>Program Expenses</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Admission and activity fees	\$ 22,504	\$ 3,391	\$ 4,932	\$ 30,827
Advertising & promotion	15,953	2,404	3,496	21,853
Bank fees	59,722	8,999	13,090	81,811
Contract labor/consulting	33,070	4,983	7,248	45,301
Depreciation	180,107	34,306	-	214,413
Donations & benevolence	50,977	7,681	11,173	69,831
Dues & subscriptions	21,325	3,213	4,674	29,212
Facilities	172,557	26,002	37,820	236,379
Gifts	30,457	4,590	6,675	41,722
In-kind expenses	69,900	10,533	15,321	95,754
Insurance	110,872	16,706	24,301	151,879
Interest	9,985	1,505	2,189	13,679
License, taxes & permits	8,435	1,271	1,849	11,555
Meals & entertainment	61,116	9,209	13,395	83,720
Miscellaneous expenses	2,838	427	622	3,887
Payroll taxes & benefits	271,516	24,683	12,342	308,541
Printing & postage	24,787	3,736	5,433	33,956
Professional services	59,743	9,002	13,095	81,840
Scholarships	1,452	219	318	1,989
Software	12,083	1,821	2,648	16,552
Supplies	68,214	10,279	14,951	93,444
Travel & transportaion	30,606	4,612	6,708	41,926
Vehicle expenses	11,320	1,706	2,481	15,507
Wages & salaries	1,544,390	140,399	70,200	1,754,989
Total	\$ 2,873,929	\$ 331,677	\$ 274,961	\$ 3,480,567

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

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

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, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (224,053)	\$ 184,755
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	214,413	200,429
Realized and unrealized loss (gain) on investments	(33,717)	2,911
(Increase) decrease in:		
Accounts receivable	96,831	156,921
Prepaid expense	-	2,691
Right of use assets	(63,974)	-
Increase (decrease) in:		
Accounts payable	8,072	(53,028)
Accrued expenses	38,879	(174,224)
Lease liability	63,974	-
Net Cash Provided by Operating Activities:	<u>100,425</u>	<u>320,455</u>
Net Cash Used in Investing Activities:		
Purchases of property and equipment	(261,295)	(142,894)
Purchases of investments	(402,703)	(578,867)
Proceeds from the sales of investments	402,805	88,462
Net Cash Used in Investing Activities	<u>(261,193)</u>	<u>(633,299)</u>
Net Cash Provided by Financing Activities:		
Payments on long-term debt	(4,151)	(3,389)
Payments on line of credit	-	(49,896)
Advance on line of credit	51,126	-
Net Cash Provided (Used) by Financing Activities:	<u>46,975</u>	<u>(53,285)</u>
Net Decrease in Cash and Cash Equivalents	(113,793)	(366,129)
Cash and Cash Equivalents - beginning of period	<u>403,685</u>	<u>769,814</u>
Cash and Cash Equivalents - end of period	<u>\$ 289,892</u>	<u>\$ 403,685</u>
Additional Supplemental Information		
Interest paid	<u>\$ 13,679</u>	<u>\$ 5,390</u>

The accompanying notes are an integral part of these financial statements

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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, 2023 AND 2022

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 Organization 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 Organization 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, 2023 AND 2022

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 2019. 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, 2023 and 2022, the deposits with financial institutions exceeded federal deposit insurance by \$0 and \$25,294, 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, 2023 and 2022, the Organization had special event revenues of \$310,797 and \$356,332 less related expenses of \$79,989 and \$87,681, respectively.

Reclassification

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

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 \$21,853 and \$3,374 for the periods ended August 31, 2023 and 2022, respectively.

Recently Adopted Accounting Pronouncements

In September 1, 2022, the Organization adopted FASB ASC 842, Leases. The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use-assets and operating lease liabilities of \$84,710 as of September 1, 2022, which are measured by discounting lease payments using our incremental borrowing rate as the discount rate. We determine the incremental borrowing rate applicable to each lease by reference to our outstanding secured borrowings and implied spreads over the risk-free discount rates that correspond to the term of each lease, as adjusted for the currency of the lease. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Variable lease costs are recognized in the period when changes in facts and circumstances on which the variable lease payments are based occur.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE B – PROPERTY AND EQUIPMENT

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

	2023	2022
Building and improvements	\$ 5,566,681	\$ 5,329,754
Land	1,651,366	1,651,366
Furniture, fixtures and equipment	385,471	372,893
Autos and trucks	227,459	227,459
Construction in progress	1,002,631	990,841
Less: accumulated depreciation	(2,074,370)	(1,859,957)
Property and equipment, net	\$ 6,759,238	\$ 6,712,356

Depreciation expense for the period ended August 31, 2023 and 2022 was \$214,413 and \$200,429, respectively.

NOTE C – INVESTMENTS

Investments are stated at fair value which is the market value and consists of the following as of August 31, 2023:

	Fair Market Value	Cost
Equities	\$ 393,458	\$ 364,365
Fixed Income	127,651	129,999
	\$ 521,109	\$ 494,364

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

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

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE C – INVESTMENTS

Investments as of August 31, 2023 and 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 \$3,970 and \$1,299 for the year ended August 31, 2023 and 2022.

NOTE D – LINE OF CREDIT

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, 2023 and 2022 was \$151,230 and \$100,104.

NOTE E – NOTE PAYABLE

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 will be repaid with 72 monthly installments of principal and interest of \$408. The outstanding balance at August 31, 2023 and 2022 was \$14,808 and \$18,959, respectively.

The maturities of long-term debt as of August 31, 2023 are as follows:

	<u>Total</u>
2024	\$ 3,979
2025	4,507
2026	4,709
2027	1,613
	<u>\$ 14,808</u>

NOTE F – NET ASSETS

Net assets with donor restrictions include restrictions for specified purposes. For the period ended August 31, 2023 and 2022, net assets were released from donor restrictions by incurring expenses satisfying the stated restrictions.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE F – NET ASSETS (Continued)

Changes in net assets with donor restrictions at August 31, 2023 and for the period then ended consisted of the following:

	August 31, 2022	Contributions	Released	August 31, 2023
Grant Funds	\$ 63,244	\$ 50,000	\$ (47,223)	\$ 66,021
Capital Funds	200,000	500,000	(201,814)	498,186
	<u>\$ 263,244</u>	<u>\$ 550,000</u>	<u>\$ (249,037)</u>	<u>\$ 564,207</u>

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>

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, 2023 and 2022, the Organization donated \$212,105 and \$171,845 to the Foundation, respectively.

NOTE G - 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).

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NOTE G - FAIR VALUE MEASUREMENTS (Continued)

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, 2023 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	\$ 393,458	\$ 393,458
Fixed Income	127,651	127,651
	<u>\$ 521,109</u>	<u>\$ 521,109</u>

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
	<u>\$ 487,494</u>	<u>\$ 487,494</u>

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NOTE H – 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, 2023 and 2022 totaled \$21,686 and \$18,905, respectively.

NOTE I – COMMITMENTS AND CONTINGENCIES

The Organization leases certain office equipment under non-cancellable operating leases expiring through May 2027. The leases require monthly payments of \$1,728 in aggregate. Total lease expense pertaining to the above-mentioned leases were \$20,736 for the year ending

The Organization recognizes the right-of-use asset, and liability, initially measured at the present value of the lease payments. Additionally, the Organization recognizes a single lease expense, which is allocated over the lease term, generally on a straight-line basis. As permitted under ASC Topic 842, the Organization has elected not to restate comparative periods and to set the initial adoption application date to January 1, 2022, the beginning of the period of adoption; additionally, the Organization has not separated lease and non-lease components under its office space lease.

As of August 31, 2023, remaining maturities of lease liabilities approximated are as follows:

<u>Year Ending August 31,</u>	<u>Total</u>
2024	\$ 20,426
2025	18,876
2026	18,876
2027	<u>14,157</u>
Total operating lease payments	\$ 72,335
Less: imputed interest	<u>\$ (8,361)</u>
Total operating lease liabilities	<u><u>63,974</u></u>

As of August 31, 2023, the Organization recorded a right of use asset of \$63,974 and related lease liability of \$63,974 in the accompanying Statement of Financial Position.

On February 2023, the Organization entered into a month-to-month lease for certain facilities requiring monthly payments of \$1,600. Total lease expense pertaining to the above-mentioned lease was \$11,200. The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less.

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NOTE I – COMMITMENTS AND CONTINGENCIES (Continued)

The following summarizes the line items in the statement of financial position as of August 31, 2023:

Operating lease right-of-use assets, net of amortization	<u>\$ 63,974</u>
Current portion of operating lease liabilities	\$ 20,426
Operating lease liabilities	<u>43,548</u>
 Total operating lease liabilities	 <u>\$ 63,974</u>
 Weighted-average remaining lease term	 2.5 years
Weight-average discount rate	5%

Previous lease standard (FASB ASC 840) – Fiscal year 2022

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:

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

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NOTE J – 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.

	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 289,892	\$ 403,685
Investments	521,109	487,494
Unconditional promise to give	5,036	101,867
Total financial assets, at year end	816,037	993,046
Less those unavailable for general expenditures within one year due to:		
Donor restricted	(564,207)	(263,244)
Financial assets available to meet cash needs for general expenditures within one year	\$ 251,830	\$ 729,802

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 K – CONTRIBUTION OF NONFINANCIAL ASSETS

For years ending August 31, 2023 and 2022, contributions of nonfinancial assets (in-kind contributions) consisted of goods and services which totaled \$130,723 and \$131,577, respectively. Expenses related to the Organization's contributed goods and services are reported in the statement of activities. Contributions of nonfinancial assets are without donor restrictions and recorded at the estimated fair value of services based on the available pricing information for comparable services and the fair value of donated goods based on the donor's listed sales price for such goods.

NOTE L – 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, 2023 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through January 30, 2024, which is the date the financial statements were available to be issued.