

URBAN VENTURES LEADERSHIP FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAconnect.com

**URBAN VENTURES LEADERSHIP FOUNDATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8



INDEPENDENT AUDITORS' REPORT

Board of Directors
Urban Ventures Leadership Foundation
Minneapolis, Minnesota

We have audited the accompanying financial statements of Urban Ventures Leadership Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditors' 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.

Board of Directors
Urban Ventures Leadership Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Ventures Leadership Foundation as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding Restatement

As described in Note 14 to the financial statements, Urban Ventures Leadership Foundation corrected an error pertaining to contribution revenue and receivables and fixed assets in the prior year. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
January 4, 2022

URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	Restated 2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,338,759	\$ 2,457,580
Cash and Cash Equivalents - EMPOWER Campaign	3,357,605	1,979,457
Pledges Receivable Operating, Net	626,184	1,932,500
Pledges Receivable - EMPOWER Campaign, Net	395,667	910,666
Accounts Receivable, Net	87,438	103,202
Inventory	2,954	-
Prepaid Expenses	91,294	53,512
Total Current Assets	7,899,901	7,436,917
PROPERTY, EQUIPMENT, AND BUILDINGS	13,414,863	12,641,217
OTHER ASSETS		
Pledges Receivable - EMPOWER Campaign, Net	405,764	721,136
Investments	1,789,559	1,426,579
Other Investments	49,676	56,677
Total Other Assets	2,244,999	2,204,392
Total Assets	\$ 23,559,763	\$ 22,282,526
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 83,786	\$ 128,818
Accrued Expenses	228,937	339,033
Current Portion of Long-Term Debt and Capital Leases	4,858	276,125
Total Current Liabilities	317,581	743,976
LONG-TERM LIABILITIES		
Long-Term Debt and Capital Leases	174,800	515,136
Total Liabilities	492,381	1,259,112
NET ASSETS		
Without Donor Restrictions	17,087,766	14,112,347
With Donor Restrictions	5,979,616	6,911,067
Total Net Assets	23,067,382	21,023,414
Total Liabilities and Net Assets	\$ 23,559,763	\$ 22,282,526

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			Restated 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and Grants	\$ 2,792,886	\$ 70,360	\$ 2,863,246	\$ 3,105,188	\$ 518,653	\$ 3,623,841
Contributions - EMPOWER Campaign	-	2,084,544	2,084,544	-	2,471,441	2,471,441
Contributions - Emergency Response	454,775	-	454,775	565,713	629,357	1,195,070
Program Service Fees	90,700	-	90,700	88,415	-	88,415
Rental Income	69,047	-	69,047	148,432	-	148,432
Investment Income	-	358,921	358,921	26,165	986	27,151
Other Income	39,873	-	39,873	19,093	-	19,093
Urban Ventures Coffee Revenue	37,711	-	37,711	70,925	-	70,925
Loan Forgiveness Income	610,500	-	610,500	-	-	-
Loss on Sale of Asset	(20,157)	-	(20,157)	-	-	-
Net Assets Released from Restriction	3,445,276	(3,445,276)	-	1,536,902	(1,536,902)	-
Total Support and Revenue	7,520,611	(931,451)	6,589,160	5,560,833	2,083,535	7,644,368
EXPENSES						
Program Services:						
Youth Services	839,531	-	839,531	840,409	-	840,409
Education and Literacy	356,247	-	356,247	440,592	-	440,592
Family Programming	626,909	-	626,909	660,423	-	660,423
Farm and Nutrition	457,042	-	457,042	477,322	-	477,322
Program Services	809,315	-	809,315	731,246	-	731,246
Total Program Services	3,089,044	-	3,089,044	3,149,992	-	3,149,992
Supporting Services:						
Administration	781,815	-	781,815	697,580	-	697,580
Fundraising	674,333	-	674,333	675,073	-	675,073
Total Supporting Services	1,456,148	-	1,456,148	1,372,653	-	1,372,653
Total Expenses	4,545,192	-	4,545,192	4,522,645	-	4,522,645
CHANGE IN NET ASSETS	2,975,419	(931,451)	2,043,968	1,038,188	2,083,535	3,121,723
Net Assets - Beginning of Year, as Previously Stated	14,112,347	6,911,067	21,023,414	13,678,204	4,827,532	18,505,736
Restatement (See Note 14)	-	-	-	(604,045)	-	(604,045)
Net Assets - Beginning of Year, as Restated	14,112,347	6,911,067	21,023,414	13,074,159	4,827,532	17,901,691
NET ASSETS - END OF YEAR	<u>\$ 17,087,766</u>	<u>\$ 5,979,616</u>	<u>\$ 23,067,382</u>	<u>\$ 14,112,347</u>	<u>\$ 6,911,067</u>	<u>\$ 21,023,414</u>

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	Program						Support			Total 2021
	Youth Service	Education and Literacy	Family Programming	Farm and Nutrition	Program Services	Total Program	Administration	Fundraising	Total Support	
Salaries	\$ 316,737	\$ 154,766	\$ 240,061	\$ 207,810	\$ 241,351	\$ 1,160,725	\$ 377,730	\$ 220,649	\$ 598,379	\$ 1,759,104
Benefits	70,206	45,911	70,212	66,697	53,148	306,174	81,871	52,291	134,162	440,336
Total Payroll	386,943	200,677	310,273	274,507	294,499	1,466,899	459,601	272,940	732,541	2,199,440
Cost of Goods Sold	-	-	-	-	-	-	-	7,738	7,738	7,738
Employee Development,										
Appreciation and Conferences	139	1,898	-	120	2,632	4,789	-	-	-	4,789
Employee Mileage and Travel	-	-	11	1,067	-	1,078	-	12	12	1,090
Professional Fees	90,290	2,439	79,291	859	2,963	175,842	76,505	4,017	80,522	256,364
Purchased Services	29,222	32,688	53,903	19,832	17,048	152,693	19,163	172,507	191,670	344,363
Food	2,163	6,686	1,969	20,470	6,216	37,504	3,814	4,071	7,885	45,389
Entry Fees	33,836	-	-	-	-	33,836	-	-	-	33,836
Printing	123	-	-	-	8,057	8,180	44	7,737	7,781	15,961
Supplies	21,010	9,468	2,487	11,634	3,990	48,589	3,321	25,477	28,798	77,387
Vehicle Operations	146	66	96	5,178	80	5,566	105	74	179	5,745
Telephone	-	-	-	494	-	494	6,734	-	6,734	7,228
Dues, Fees, Subscriptions	4,651	3,156	2,521	2,803	5,075	18,206	55,269	40,255	95,524	113,730
Postage and Shipping	-	-	160	-	8,500	8,660	1,249	2,730	3,979	12,639
Insurance	24,948	11,297	16,475	15,702	13,651	82,073	17,981	12,709	30,690	112,763
Occupancy	13,299	6,022	8,783	7,801	7,277	43,182	9,586	6,775	16,361	59,543
Lake and 4th Building Expense	42,546	19,266	28,097	24,886	23,280	138,075	30,666	21,675	52,341	190,416
Other Expense	84,457	4,354	54,127	1,215	23,848	168,001	22,993	43,237	66,230	234,231
Rents and Leases	3,159	1,411	2,414	758	658	8,400	2,420	654	3,074	11,474
Equipment Expense	2,796	11,624	394	8,088	326	23,228	430	883	1,313	24,541
Buildings Expense	1,694	767	1,118	4,243	927	8,749	1,221	863	2,084	10,833
Major Buildings Expense	2,790	1,264	1,843	1,632	1,527	9,056	2,011	1,421	3,432	12,488
Interest Expense	1,952	884	1,289	1,142	1,068	6,335	1,407	818	2,225	8,560
Depreciation	93,367	42,280	61,658	54,611	51,088	303,004	67,295	47,740	115,035	418,039
Emergency Response Grants	-	-	-	-	336,605	336,605	-	-	-	336,605
Total Other Expense	452,588	155,570	316,636	182,535	514,816	1,622,145	322,214	401,393	723,607	2,345,752
Total Expense	\$ 839,531	\$ 356,247	\$ 626,909	\$ 457,042	\$ 809,315	\$ 3,089,044	\$ 781,815	\$ 674,333	\$ 1,456,148	\$ 4,545,192

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	Restated 2020									
	Program						Support			
	Youth Service	Education and Literacy	Family Programming	Farm and Nutrition	Program Services	Total Program	Administration	Fundraising	Total Support	Total 2020
Salaries	\$ 336,915	\$ 174,367	\$ 265,679	\$ 218,399	\$ 165,605	\$ 1,160,965	\$ 300,051	\$ 259,393	\$ 559,444	\$ 1,720,409
Benefits	82,035	45,238	70,452	72,853	42,247	312,825	130,590	62,839	193,429	506,254
Total Payroll	418,950	219,605	336,131	291,252	207,852	1,473,790	430,641	322,232	752,873	2,226,663
Cost of Goods Sold	-	-	-	-	-	-	-	14,342	14,342	14,342
Employee Development,										
Appreciation and Conferences	1,450	657	88	79	998	3,272	175	568	743	4,015
Employee Mileage and Travel	8,870	2,233	331	2,191	51	13,676	470	106	576	14,252
Professional Fees	52,964	7,370	72,193	-	1,129	133,656	74,446	1,310	75,756	209,412
Purchased Services	84,188	72,325	44,642	22,329	6,251	229,735	9,149	168,600	177,749	407,484
Food	5,156	7,863	11,022	9,107	3,236	36,384	4,039	945	4,984	41,368
Entry Fees	33,798	1,700	-	-	-	35,498	-	-	-	35,498
Printing	871	414	571	2,292	-	4,148	-	1,501	1,501	5,649
Supplies	18,620	4,361	3,749	6,711	4,746	38,187	5,410	3,119	8,529	46,716
Vehicle Operations	1,098	636	771	4,234	385	7,124	626	597	1,223	8,347
Telephone	333	193	234	782	117	1,659	5,168	181	5,349	7,008
Dues, Fees, Subscriptions	6,510	4,284	4,283	4,723	3,906	23,706	44,711	36,880	81,591	105,297
Postage and Shipping	-	-	-	-	-	-	1,085	3,113	4,198	4,198
Insurance	23,990	13,889	16,835	19,104	8,418	82,236	13,679	13,047	26,726	108,962
Occupancy	13,889	8,041	9,747	8,850	4,873	45,400	7,919	7,554	15,473	60,873
Lake and 4th Building Expense	48,671	28,178	34,155	30,739	17,077	158,820	27,751	26,470	54,221	213,041
Other Expense	11,442	2,634	46,001	2,024	21,496	83,597	6,876	9,793	16,669	100,266
Rents and Leases	-	2,751	2,751	1,424	2,751	9,677	2,783	1,375	4,158	13,835
Equipment Expense	852	494	598	2,087	299	4,330	642	4,191	4,833	9,163
Buildings Expense	4,167	2,412	2,924	3,337	1,462	14,302	2,376	2,266	4,642	18,944
Major Buildings Expense	6,112	3,538	4,289	3,860	2,145	19,944	3,485	3,324	6,809	26,753
Interest Expense	2,096	1,214	1,471	1,324	736	6,841	1,194	1,140	2,334	9,175
Depreciation	96,382	55,800	67,637	60,873	33,818	314,510	54,955	52,419	107,374	421,884
Emergency Response Grants	-	-	-	-	409,500	409,500	-	-	-	409,500
Total Other Expense	421,459	220,987	324,292	186,070	523,394	1,676,202	266,939	352,841	619,780	2,295,982
Total Expense	\$ 840,409	\$ 440,592	\$ 660,423	\$ 477,322	\$ 731,246	\$ 3,149,992	\$ 697,580	\$ 675,073	\$ 1,372,653	\$ 4,522,645

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	Restated 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,043,968	\$ 3,121,723
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	418,039	421,884
Bad Debt Expense	2,508	2,508
Investment Income	(358,921)	(27,151)
Loan Forgiveness Income	(610,500)	-
Change in Operating Assets and Liabilities:		
Pledges Receivable	2,134,179	(1,286,898)
Accounts Receivable	15,764	527,138
Prepaid Expenses	(37,782)	(28,762)
Accounts Payable	(45,032)	42,538
Accrued Expenses	(110,096)	175,592
Net Cash Provided by Operating Activities	3,469,330	2,948,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(1,241,685)	(533,912)
Proceeds from the Sale of Property and Equipment	29,843	25,314
Purchase of Other Investments	7,001	(56,339)
Purchase of Endowment Fund Investments	(195,859)	(1,256,339)
Proceeds from the Sale of Endowment Fund Investments	191,800	1,405,586
Net Cash Used by Investing Activities	(1,208,900)	(415,690)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Line of Credit	-	(230,000)
Proceeds of Long-Term Debt	-	760,400
Repayment of Long-Term Debt	(1,103)	(15,291)
Net Cash Provided (Used) by Financing Activities	(1,103)	515,109
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,259,327	3,047,991
Cash and Cash Equivalents - Beginning of Year	4,437,037	1,389,046
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,696,364	\$ 4,437,037
REFLECTED ON THE STATEMENTS OF FINANCIAL POSITION AS		
Cash and Cash Equivalents	\$ 3,338,759	\$ 2,457,580
Cash and Cash Equivalents - EMPOWER Campaign	3,357,605	1,979,457
Total Cash and Cash Equivalents	\$ 6,696,364	\$ 4,437,037
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 8,739	\$ 9,175

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Program Services

Urban Ventures Leadership Foundation (the Organization) provides cradle-to-career support to youth and families in one of the most under resourced neighborhoods in Minneapolis – with the overarching goal to prepare and send every youth in our neighborhood to college or postsecondary education by 2040. The Organization works alongside 80 local partners to address opportunity gaps in academics, nutrition, physical activity, parenting resources and more. Each week, youth of all ages receive one-on-one support in mind, bod, and spirit.

EMPOWER Fundraising Campaign

During the 2019 year, the Organization initiated a multi-million dollar, three-year fundraising campaign known as the EMPOWER Campaign. The Campaign is a focused effort to serve more youth and strengthen the entrance and exit points of the Organization’s cradle-to-career programming. Campaign elements include capital projects, program expansion and the funding of two new vital initiatives, an early learning center and expanded college and career center.

Corona Virus (COVID-19) Pandemic

During March of 2020, a pandemic of the Corona Virus (COVID-19) was declared by the World Health Organization. The effects of the pandemic have significantly impacted the educational, social, emotional and financial well-being of families served by the Organization. In order to mitigate potential negative impact to the Organization’s operational capacity, management secured grant and loan funds made available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Unrest in Minneapolis

Immediately after the killing of George Floyd in Minneapolis during May of 2020, many areas of the city experienced a prolonged period of social unrest and extensive property destruction. The Organization is located near the epicenter of the area most impacted by the events of the crisis. Large numbers of nearby residents and business owners suffered severe social, emotional and financial trauma. Donor support increased substantially during this time, allowing the Organization to provide emergency response and relief services at unprecedented levels. Income and expenses associated with these efforts are disclosed separately from ongoing operations and are not expected to reoccur.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues are recognized as they are earned and expenses are recorded when liabilities are incurred.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of Presentation

Net assets and revenues, support and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified into the following two categories:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash with donor restrictions for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was with restrictions has been fulfilled, or both.

The Organization has elected to present contributions with temporary restrictions, which are fulfilled in the same period, within the net assets with donor restrictions net asset class.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments purchased with a maturity of less than three months to be cash equivalents.

From time-to-time, the Organization may have deposits at one commercial bank in excess of the limits guaranteed by the Federal Deposit Insurance Corporation (FDIC). While this represents an uninsured risk, management periodically evaluates the financial viability of the financial institutions to determine if any changes are warranted.

Accounts Receivable

The Organization analyzes their receivables and records an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. Management takes into consideration factors such as the collectability of the accounts, prior loss experience, current economic conditions, and the age of the receivable balance. An account is considered uncollectible when all collection efforts have failed. The allowance for uncollectible accounts was \$1,713 at June 30, 2021 and 2020. The Organization's accounts receivable are unsecured assets.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Pledges Receivable

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional pledges (those with a measurable performance or other barrier and a right of return or release), including pending bequests, are not included as support until such time as the conditions are substantially met. Management provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful operating pledges as of both June 30, 2021 and 2020 is \$7,575 and the allowance for doubtful capital pledges is \$80,000 as of both June 30, 2021 and 2020.

Property, Equipment, and Buildings

Purchased property and equipment are carried at cost. Contributed property and equipment are recorded as support at their estimated fair value at the time of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The cost of maintenance and repairs is expensed as incurred and significant renewals and betterments over \$5,000 are capitalized. Estimate lives of assets are:

Buildings	40 Years
Building Improvements	3 to 20 Years
Vehicles	3 to 7 Years
Furniture and Equipment	3 to 20 Years

Endowment Fund Investments

Endowment Fund Investments are stated at fair value. The investments consist of interests in various nonpublicly traded investment funds which are valued by management of the individual funds based on the fair value of the underlying investments in the funds. The net changes in fair value on held investments and the realized gains and losses on investments sold are reflected in the statements of activities as a component of investment income. Realized and unrealized gains and losses are included in the accompanying statements of activities.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, changes in the values of the investments will occur in the near term and such changes could materially affect the amounts reported.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Funds Held by Others

These assets are valued at fair value, in accordance with current accounting standards on transfers of assets to a nonprofit organization or charitable trust that raises or holds contributions for others. Realized and unrealized gains and losses are recognized in the statements of activities.

Revenue Recognition

Program service fees and rental income are recorded as revenue when earned and as services are performed. Program service fees are recognized at the point in time earned and rental income is recognized over the rental period. Funds received but not yet earned are shown as deferred revenue.

In-Kind Contributions

Accounting principles generally accepted in the United States of America (GAAP) require that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by an individual possessing those skills and would typically need to be purchased if not provided by donation, be recorded. In-kind contributions were \$-0- in 2021 and 2020.

A substantial number of volunteers have contributed time to the Organization's programs, fundraising, and administration; however, these donated services are not reflected in the statements of activities as recognition has not been satisfied under the requirements of GAAP.

Allocation of Functional Expenses

Functional expenses have been allocated between program services and supporting services based on an analysis of personnel time and space utilized for the related activities. Other expenses are directly coded to a functional category based on the nature and purpose of the expense.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Status

The Organization is exempt from federal taxes on related income under Section 501(c)(3) of the Internal Revenue Code. The Organization has been designated as a publicly supported organization under Section 170 of the same code. Accordingly, contributions qualify for deduction to the extent provided in that code. The Organization is also exempt from state income tax on related income.

The Organization follows applicable accounting standards for uncertainty in income taxes recognized in an organization's financial statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair Value Measurements

Accounting standards require disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position, for which an estimated value is practicable. Certain financial instruments and all nonfinancial instruments are excluded from the standard's disclosure requirements. For all financial instruments other than investments, the carrying value is a reasonable estimate of fair value because of the short-term nature of the financial instruments. Investments are carried at fair value or estimated fair value.

The Organization follows accounting standards that define fair value, establish a framework for measuring fair value in accordance with existing GAAP, and expand disclosures about fair value measurements. The framework provides a fair value hierarchy that prioritizes inputs according to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level inputs are defined as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used must maximize the use of observable inputs and minimize the use of unobservable inputs.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through January 4, 2022, the date the financial statements were available to be issued.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	<u>2021</u>	<u>Restated 2020</u>
Pledges Receivable:		
Operating	\$ 265,848	\$ 1,932,500
EMPOWER Campaign	1,278,336	1,743,333
Subtotal	<u>1,544,184</u>	<u>3,675,833</u>
Allowance for Uncollectible Pledges	(87,575)	(87,575)
Unamortized Discount (2.45% in 2021 and 2.7% in 2020)	<u>(28,994)</u>	<u>(23,956)</u>
Total	<u>\$ 1,427,615</u>	<u>\$ 3,564,302</u>
Amounts Due In:		
Less Than One Year	\$ 1,021,851	\$ 2,843,166
One to Five Years	405,764	721,136
Total	<u>\$ 1,427,615</u>	<u>\$ 3,564,302</u>

NOTE 3 ENDOWMENT FUND INVESTMENTS

Endowment Fund Investments consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Cash	\$ 101,638	\$ 91,886
Common Stocks	412,196	292,381
U.S. Equity Funds	398,119	247,022
Internationally Developed Funds	149,359	100,285
Emerging Markets Stocks	108,726	65,437
Taxable Fixed Income	459,872	449,994
Extended Fixed Income Funds	55,468	32,475
Long/Short Equity Hedge Funds	44,644	35,519
Alternative Investments Invested in:		
Special Opportunities Fund	109,213	168,257
Total	<u>\$ 1,839,235</u>	<u>\$ 1,483,256</u>

NOTE 4 FAIR VALUE MEASUREMENTS

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization values all other assets and liabilities refer to Note 1 – Organization and Summary of Significant Accounting Policies.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured on a recurring basis as of June 30:

<u>June 30, 2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund Investments:				
Special Opportunities Fund	\$ -	\$ -	\$ 109,213	\$ 109,213
Common Stocks	412,196	-	-	412,196
U.S. Equity Funds	398,119	-	-	398,119
Internationally Developed Funds	149,359	-	-	149,359
Emerging Markets Stocks	108,726	-	-	108,726
Taxable Fixed Income	459,872	-	-	459,872
Extended Fixed Income Funds	55,468	-	-	55,468
Long/Short Equity Hedge Funds	44,644	-	-	44,644
Total	<u>\$ 1,628,384</u>	<u>\$ -</u>	<u>\$ 109,213</u>	<u>\$ 1,737,597</u>
<u>June 30, 2020</u>				
Endowment Fund Investments:				
Special Opportunities Fund	\$ -	\$ -	\$ 168,257	\$ 168,257
Common Stocks	292,381	-	-	292,381
U.S. Equity Funds	247,022	-	-	247,022
Internationally Developed Funds	100,285	-	-	100,285
Emerging Markets Stocks	65,437	-	-	65,437
Taxable Fixed Income	449,994	-	-	449,994
Extended Fixed Income Funds	32,475	-	-	32,475
Long/Short Equity Hedge Funds	35,519	-	-	35,519
Total	<u>\$ 1,223,113</u>	<u>\$ -</u>	<u>\$ 168,257</u>	<u>\$ 1,391,370</u>

The following table provides a summary of changes in the Organization's Level 3 assets for the year ended June 30, 2021:

	<u>Endowment Fund Investments</u>			
	<u>Fixed Income Fund</u>	<u>Diversified Equity Fund</u>	<u>Marketable Alternative Fund</u>	<u>Special Opportunities Fund</u>
Balance at Beginning of Year	\$ -	\$ -	\$ -	\$ 168,257
Purchases	-	-	-	-
Unrealized and Realized Gains (Losses)	-	-	-	32,956
Withdrawals	-	-	-	(92,000)
Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,213</u>

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table provides a summary of changes in the Organization's Level 3 assets for the years ended June 30, 2020:

	Endowment Fund Investments			
	Fixed Income Fund	Diversified Equity Fund	Marketable Alternative Fund	Special Opportunities Fund
Balance at Beginning of Year	\$ 129,724	\$ 811,100	\$ 420,532	\$ 187,319
Purchases	-	-	-	-
Unrealized and Realized Gains	2,222	(20,465)	(33,875)	(5,058)
Withdrawals	(131,946)	(790,635)	(386,657)	(14,004)
Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 168,257</u>

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30:

	Net Asset Value		Unfunded Commitments	Redemption Frequency if Currently Available	Redemption Notice Period
	2021	2020			
Endowment Fund Investments:					
Special Opportunities Fund	\$ 109,213	\$ 168,257	\$ -	Annually	6 Months

The unobservable inputs of all Endowment Fund Investments are based on the underlying assets within each fund noted below.

The Special Opportunities Fund invests in distressed securities strategies and equity managers with concentrated equity portfolios. To achieve equity-like returns and provide inflation protection, the Fund targets exposure to real assets via investments in commodities, energy stocks, and real estate sectors. The Fund invests in funds and limited partnerships that may impose certain constraints upon discretionary withdrawals as set forth in the partnership agreements which may include initial lock-up periods, gates provisions, and redemption fees.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 PROPERTY, EQUIPMENT, AND BUILDINGS

Property, equipment, and buildings consisted of the following at June 30:

	2021	Restated 2020
Land	\$ 2,469,701	\$ 2,545,007
Buildings	16,188,102	16,430,519
Furniture and Equipment	337,237	337,756
Office and Computer Equipment	158,374	1,343,602
Vehicles	78,898	78,898
Construction in Progress	1,119,913	286,264
Total Property, Equipment, and Buildings	<u>20,352,225</u>	<u>21,022,046</u>
Less: Accumulated Depreciation	<u>(6,937,362)</u>	<u>(8,380,829)</u>
Net Property, Equipment, and Buildings	<u>\$ 13,414,863</u>	<u>\$ 12,641,217</u>

Depreciation expense was \$418,039 and \$421,884 for the years ended June 30, 2021 and 2020, respectively. Included in land and buildings is approximately 50% of the total cost of the Colin Powell Center. The Organization has a joint agreement with Twin Cities Jesuit High School where each entity is a 50% owner of the building and land.

NOTE 6 LINE OF CREDIT

The Organization has a \$700,000 revolving line of credit with a variable rate of interest (one month LIBOR rate plus 3%), which was 3.09% as of June 30, 2021. The principal balance outstanding on the line of credit is due on demand with a 90-day notice and is secured by all assets of the Organization. At June 30, 2021 and 2020, \$-0- was owed.

NOTE 7 LONG-TERM DEBT AND CAPITAL LEASES

Long-term debt consisted of the following at June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Solar Panel Capital Lease (a)	\$ 29,658	\$ 30,861
Paycheck Protection Program Loan (b)	-	610,500
Economic Injury Disaster Loan (c)	150,000	149,900
Current Portion of Long-Term Debt	<u>(4,858)</u>	<u>(276,125)</u>
Total	<u>\$ 174,800</u>	<u>\$ 515,136</u>

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

- (a) During the year ended June 30, 2020, the Organization entered into a lease for solar panels that qualifies as a capital lease. Monthly payments on the lease are \$176 through September 30, 2039. Over the term of the lease, the payment amounts representing interest are approximately \$700 annually.
- (b) In April 2020, the Organization received a loan in the amount of \$610,500 to fund payroll, rent and utilities through the federal Paycheck Protection Program. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and is due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP loan bears interest at a fixed rate of 1% per annum with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. During the year ended June 30, 2021, the Organization applied for and received forgiveness of the PPP loan in full of \$610,500, which is included in the statement of activities as loan forgiveness income. The SBA may review funding eligibility and use of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of a liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.
- (c) The Organization received a loan from the SBA in the amount of \$150,000 under the Economic Injury Disaster Loan Program expanded by the CARES Act. The loan is subject to a note dated June 13, 2020. The loan balance bears interest at a rate of 2.75% and is payable in monthly installments of principal and interest of \$431 over 348 months beginning in May of 2021. The loan may be repaid at any time with no prepayment penalty.

Current maturities of long-term debt at June 30, 2021 are due as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 4,858
2023	5,038
2024	5,222
2025	5,414
2026	5,611
Thereafter	153,515
Total Debt Payments	<u>\$ 179,658</u>

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 RETIREMENT PLAN

The Organization adopted a qualified defined contribution retirement plan in May 1997 covering substantially all employees. The plan allows employees to defer compensation up to the Internal Revenue Service limitations and in 2012 the Organization began matching 25% of employee contributions up to 2% of the employee's base salary. The Organization's matching contribution is discretionary as determined by the board. Matching contributions were \$25,568 and \$23,726 during the years ended June 30, 2021 and 2020, respectively.

NOTE 9 RENTAL INCOME

The Organization leases space in buildings it owns under various lease arrangements. Rental income was \$69,047 and \$148,432 during the years ended June 30, 2021 and 2020, respectively. Leases mature at various times with most being month-to-month agreements and include ad-hoc leases for sports tournaments and event usage.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with restrictions consist of the following as of June 30:

	2021	2020
Restrictions Temporary in Nature:		
Time Restriction	\$ 25,000	\$ 617,500
Farm & Nutrition	200,000	400,000
EMPOWER Campaign - Early Learning Center	2,637,843	2,545,783
EMPOWER Campaign - Capital and Program Expansion	2,601,400	2,448,380
Emergency Response	54,172	624,357
Other	27,687	8,654
Total	5,546,102	6,644,674
Endowments:		
General Endowment	433,514	266,393
Total Net Assets with Donor Restrictions	\$ 5,979,616	\$ 6,911,067

Restricted net assets released consist of the following during the years ended June 30:

	2021	2020
Purpose Releases	\$ 2,720,976	\$ 1,462,407
Donor Approved Release	532,500	-
Appropriations from Endowment Funds	191,800	74,495
Total	\$ 3,445,276	\$ 1,536,902

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 ENDOWMENT FUNDS

The endowment funds consist of gifts restricted by donors that have stipulated the funds be held in perpetuity and are subject to Minnesota's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and amounts designated by the board. The Organization has established the endowment funds to provide for ongoing funding for their programs. The annual distribution policy allows distributions to be made available to operations equal to 5% of the average market value. Underwater funds as of June 30, 2021 and 2020 are disclosed in the following table and were \$566,486 and \$733,607, respectively. These deficiencies resulted from approved appropriations in excess of accumulated earnings.

Endowments by net asset class for the years ended June 30:

	2021		Total
	Without Restrictions	With Restrictions	
Board-Designated Endowment Funds	\$ 460,762	\$ -	\$ 460,762
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,000,000	1,000,000
Accumulated Investment Losses	-	(566,486)	(566,486)
Total Endowment Funds	<u>\$ 460,762</u>	<u>\$ 433,514</u>	<u>\$ 894,276</u>
	2020		
	Without Restrictions	With Restrictions	Total
Board-Designated Endowment Funds	\$ 278,659	\$ -	\$ 278,659
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,000,000	1,000,000
Accumulated Investment Losses	-	(733,607)	(733,607)
Total Endowment Funds	<u>\$ 278,659</u>	<u>\$ 266,393</u>	<u>\$ 545,052</u>

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

Changes in endowment fund assets were as follows for the years ended June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments - July 1, 2020	\$ 278,659	\$ 266,393	\$ 545,052
Contributions	182,103	-	182,103
Appropriation of Endowment Assets for Expenditures	-	(191,800)	(191,800)
Realized and Unrealized Gains on Investments Appreciation	-	358,921	358,921
Endowments - June 30, 2021	<u>\$ 460,762</u>	<u>\$ 433,514</u>	<u>\$ 894,276</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Endowments - July 1, 2019	\$ 313,491	\$ 339,902	\$ 653,393
Appropriation of Endowment Assets for Expenditures	(35,742)	(74,495)	(110,237)
Realized and Unrealized Gains on Investments Appreciation	910	986	1,896
Endowments - June 30, 2020	<u>\$ 278,659</u>	<u>\$ 266,393</u>	<u>\$ 545,052</u>

The Organization has adopted investment and spending policies for endowment assets based on a total return approach with an assessment of the need for liquidity and income, as well as the desire for capital appreciation and risk control.

The Organization will utilize an investment company that will develop and maintain a model portfolio based on the asset allocation and investment strategy implementation process described in the investment company's Investment Policy Manual for Tax-Exempt Clients. The model portfolio will serve as a target for the portfolio, reflecting the appropriate combination of risk and return, in the context of the investment companies' capital market assumptions. The primary goal is to maximize returns for the overall portfolio, while controlling risk to an acceptable level.

The Organization is responsible for the investment decisions of the endowment funds and determining the income available for distributions, which are made annually.

NOTE 12 MAJOR CONTRIBUTORS

The ten largest donors/funders accounted for 60% and 48% of total contributions and grants for the years ended June 30, 2021 and 2020, respectively. Further, this concentration is split between EMPOWER Campaign contributions and grants and all other contributions and grants. The top five EMPOWER Campaign donors contributed 76% and 90% of campaign revenues during 2021 and 2020, respectively. The top five donors of all other contributions and grants contributed 24% and 44% during 2021 and 2020, respectively.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12 MAJOR CONTRIBUTORS (CONTINUED)

Three donors/funders accounted for 100% and 87% of pledges receivable for the years ended June 30, 2021 and 2020, respectively. Further, this concentration is split between EMPOWER Campaign pledges receivable and operating pledges receivable. Three donors comprise 89% and 79% of EMPOWER Campaign pledges receivable at June 30, 2021 and 2020, respectively. Three donors comprise 99% and 97% of operating pledges and grants receivable as of June 30, 2021 and 2020, respectively

The Organization received \$147,000 and \$144,105 of contributions through the generosity of board members during the years ended June 30, 2021 and 2020, respectively.

NOTE 13 LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2021	Restated 2020
Cash and Cash Equivalents	\$ 3,271,603	\$ 2,038,199
Accounts Receivable	74,238	78,202
Pledges Receivable Operating	248,854	1,932,500
Total	<u>\$ 3,594,695</u>	<u>\$ 4,048,901</u>

The Organization is substantially supported by without donor restriction and with donor restriction contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, certain financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's standard financial practices include a balanced annual operating budget. During the fiscal year, the Organization also employed several strategies designed to strengthen liquidity including expanding facility rental operations, increasing coffee fundraising activities and building reserve funds through multi-year pledges. The Organization also has a committed line of credit (see Note 6) to draw upon during the year if needed, as well as an endowment fund (see Note 11). Although the Organization does not intend to spend from its investment fund other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from this fund could be made available if necessary and approved by the Organization's board of directors.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 14 RESTATEMENT

During the year ended June 30, 2021, the Organization restated the financial statements for the year ended June 30, 2020, including opening net assets as of July 1, 2019, to properly account for two different transactions.

The first restatement related to components of property, equipment, and buildings that were not properly removed from the accounting records when a building sale occurred during the year ended June 30, 2018. The impact of this restatement was to reduce opening net assets without donor restriction as of July 1, 2019 by \$604,045, and to reduce depreciation expense by \$20,957 for the year ended June 30, 2020.

The second restatement related to the timing of cash receipts near June 30, 2020. The Organization had received a pledge payment of \$500,000 before June 30, 2020 that was not properly recorded in the accounting records as of June 30, 2020. In addition, the Organization received check contributions of \$374,210 before June 30, 2020 that were not properly recorded in the accounting records as of June 30, 2020. The impact of this restatement was to increase cash and cash equivalents for the EMPOWER Campaign by \$500,000, to reduce pledges receivable for the EMPOWER Campaign by \$500,000, increase cash and cash equivalents by \$374,210 and increase without donor restriction contributions and grants by \$374,210.

The net impact of these restatements was a decrease to opening net assets without donor restriction as of July 1, 2019 of \$604,045, an increase to change in net assets without donor restriction of \$395,167 for the year ended June 30, 2020, and a net decrease to net assets without donor restriction of \$208,878 as of June 30, 2020.

Below is a summary of the restatement of these items:

	<u>As Previously Reported</u>	<u>As Restated</u>
Cash and Cash Equivalents	\$ 2,083,370	\$ 2,457,580
Cash and Cash Equivalents - EMPOWER Campaign	1,479,457	1,979,457
Pledges Receivable - EMPOWER Campaign, Net	1,410,666	910,666
Property, Equipment, and Buildings	13,224,305	12,641,217
Contributions and Grants	2,730,978	3,105,188
Depreciation Expense	442,841	421,884
Without Donor Restriction Change in Net Assets	643,021	1,038,188
Without Donor Restriction Net Assets - Beginning of Year	13,678,204	13,074,159
Without Donor Restriction Net Assets - End of Year	14,321,225	14,112,347

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details. **CliftonLarsonAllen LLP**

