

**URBAN VENTURES LEADERSHIP FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015**  
**AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2014**

**URBAN VENTURES LEADERSHIP FOUNDATION  
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AND SIX-MONTH PERIOD ENDED DECEMBER 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Urban Ventures Leadership Foundation  
Minneapolis, Minnesota

We have audited the accompanying consolidated financial statements of Urban Ventures Leadership Foundation (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the year and respective six-month period then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Urban Ventures Leadership Foundation as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the year and respective six-month period then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
October 19, 2015

**URBAN VENTURES LEADERSHIP FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

|  | 2015              | 2014              |
|--|-------------------|-------------------|
| <b>ASSETS</b>                            |                   |                   |
| <b>CURRENT ASSETS</b>                    |                   |                   |
| Cash and Cash Equivalents                | \$ 574,410        | \$ 440,790        |
| Accounts Receivable, Net                 | 77,040            | 67,944            |
| Inventory                                | 21,548            | 74,799            |
| Prepaid Expenses                         | 48,556            | 51,795            |
| Pledges Receivable                       | -                 | 55,149            |
| Total Current Assets                     | 721,554           | 690,477           |
| <b>PROPERTY, EQUIPMENT AND BUILDINGS</b> | 15,804,458        | 16,544,182        |
| <b>OTHER ASSETS</b>                      |                   |                   |
| Endowment Fund Investments               | 2,827,870         | 1,906,157         |
| Funds Held by Others                     | 10,860            | 10,935            |
| Other Investments                        | 2,317             | 2,317             |
| Total Other Assets                       | 2,841,047         | 1,919,409         |
| <br>Total Assets                         | <br>\$ 19,367,059 | <br>\$ 19,154,068 |
| <b>LIABILITIES AND NET ASSETS</b>        |                   |                   |
| <b>CURRENT LIABILITIES</b>               |                   |                   |
| Lines of Credit                          | \$ 174,381        | \$ 287,000        |
| Accounts Payable                         | 115,226           | 171,036           |
| Accrued Expenses                         | 102,737           | 121,190           |
| Current Portion of Long-Term Debt        | 70,323            | 77,425            |
| Total Current Liabilities                | 462,667           | 656,651           |
| <b>LONG-TERM LIABILITIES</b>             |                   |                   |
| Long-Term Debt                           | 976,788           | 1,045,167         |
| Total Liabilities                        | 1,439,455         | 1,701,818         |
| <b>NET ASSETS</b>                        |                   |                   |
| Unrestricted                             | 15,457,014        | 15,139,119        |
| Temporarily Restricted                   | 575,308           | 417,849           |
| Permanently Restricted                   | 1,895,282         | 1,895,282         |
| Total Net Assets                         | 17,927,604        | 17,452,250        |
| <br>Total Liabilities and Net Assets     | <br>\$ 19,367,059 | <br>\$ 19,154,068 |

See accompanying Notes to Consolidated Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015  
AND SIX-MONTH PERIOD ENDED JUNE 30, 2014**

|  | 2015                 |                        |                        |                      | 2014                 |                        |                        |                      |
|--|----------------------|------------------------|------------------------|----------------------|----------------------|------------------------|------------------------|----------------------|
|  | Unrestricted         | Temporarily Restricted | Permanently Restricted | Total                | Unrestricted         | Temporarily Restricted | Permanently Restricted | Total                |
| <b>SUPPORT AND REVENUE</b>   |                      |                        |                        |                      |                      |                        |                        |                      |
| Contributions and Grants   | \$ 4,107,772         | \$ 775,971             | \$ -                   | \$ 4,883,743         | \$ 822,442           | \$ 110,950             | \$ -                   | \$ 933,392           |
| Program Service Fees   | 79,175               | -                      | -                      | 79,175               | 19,490               | -                      | -                      | 19,490               |
| Rental Income  | 343,222              | -                      | -                      | 343,222              | 166,570              | -                      | -                      | 166,570              |
| Special Events, Net of Expenses of<br>\$186,136 and \$29,974, Respectively | 264,284              | -                      | -                      | 264,284              | 45,426               | -                      | -                      | 45,426               |
| Investment Income  | -                    | 15,213                 | -                      | 15,213               | -                    | 60,507                 | -                      | 60,507               |
| Other Income   | 82,768               | -                      | -                      | 82,768               | 28,875               | -                      | -                      | 28,875               |
| CityKid Java Revenue   | 753,667              | -                      | -                      | 753,667              | 471,551              | -                      | -                      | 471,551              |
| Net Assets Released from Restriction                                       | 633,725              | (633,725)              | -                      | -                    | 223,972              | (223,972)              | -                      | -                    |
| Total Support and Revenue  | 6,264,613            | 157,459                | -                      | 6,422,072            | 1,778,326            | (52,515)               | -                      | 1,725,811            |
| <b>EXPENSES</b>  |                      |                        |                        |                      |                      |                        |                        |                      |
| Program Services:  |                      |                        |                        |                      |                      |                        |                        |                      |
| Center for Fathering   | 1,209,029            | -                      | -                      | 1,209,029            | 627,193              | -                      | -                      | 627,193              |
| Siempre Padres   | 251,855              | -                      | -                      | 251,855              | 110,133              | -                      | -                      | 110,133              |
| Learning Lab   | 494,720              | -                      | -                      | 494,720              | 259,425              | -                      | -                      | 259,425              |
| Youth Hub  | 746,801              | -                      | -                      | 746,801              | 437,965              | -                      | -                      | 437,965              |
| Urban Stars  | 564,123              | -                      | -                      | 564,123              | 294,136              | -                      | -                      | 294,136              |
| City Kid Enterprises   | 344,467              | -                      | -                      | 344,467              | 109,110              | -                      | -                      | 109,110              |
| Studio 180   | 110,363              | -                      | -                      | 110,363              | 45,618               | -                      | -                      | 45,618               |
| Real Estate/Campus Costs   | 163,525              | -                      | -                      | 163,525              | 138,900              | -                      | -                      | 138,900              |
| Total Program Services   | 3,884,883            | -                      | -                      | 3,884,883            | 2,022,480            | -                      | -                      | 2,022,480            |
| Supporting Services:   |                      |                        |                        |                      |                      |                        |                        |                      |
| City Kid Java Expenses   | 839,495              | -                      | -                      | 839,495              | 505,844              | -                      | -                      | 505,844              |
| General and Administrative Expenses  | 727,635              | -                      | -                      | 727,635              | 327,375              | -                      | -                      | 327,375              |
| Fundraising  | 494,705              | -                      | -                      | 494,705              | 299,547              | -                      | -                      | 299,547              |
| Total Supporting Services  | 2,061,835            | -                      | -                      | 2,061,835            | 1,132,766            | -                      | -                      | 1,132,766            |
| Total Expenses   | 5,946,718            | -                      | -                      | 5,946,718            | 3,155,246            | -                      | -                      | 3,155,246            |
| <b>CHANGE IN NET ASSETS</b>  | 317,895              | 157,459                | -                      | 475,354              | (1,376,920)          | (52,515)               | -                      | (1,429,435)          |
| Net Assets - Beginning of Year   | 15,139,119           | 417,849                | 1,895,282              | 17,452,250           | 16,516,039           | 470,364                | 1,895,282              | 18,881,685           |
| <b>NET ASSETS - END OF YEAR</b>  | <u>\$ 15,457,014</u> | <u>\$ 575,308</u>      | <u>\$ 1,895,282</u>    | <u>\$ 17,927,604</u> | <u>\$ 15,139,119</u> | <u>\$ 417,849</u>      | <u>\$ 1,895,282</u>    | <u>\$ 17,452,250</u> |

See accompanying Notes to Consolidated Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2015**

|   | Program Services        |                   |                   |                   |                   |                         |                   |                              | Supporting Services |                           |                               |                   |                     | 2015                |
|---|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------------|-------------------|------------------------------|---------------------|---------------------------|-------------------------------|-------------------|---------------------|---------------------|
|   | Center For<br>Fathering | Siempre<br>Padres | Learning<br>Lab   | Youth<br>Hub      | Urban<br>Stars    | City Kid<br>Enterprises | Studio<br>180     | Real Estate/<br>Campus Costs | Total               | City Kid Java<br>Expenses | Administration<br>and General | Fund<br>Raising   | Total               |                     |
| Salaries  | \$ 507,485              | \$ 89,958         | \$ 205,604        | \$ 325,386        | \$ 90,276         | \$ 199,605              | \$ 56,250         | \$ 178,657                   | \$ 1,653,221        | \$ 193,430                | \$ 261,574                    | \$ 262,146        | \$ 717,150          | \$ 2,370,371        |
| Taxes and Benefits  | 85,900                  | 11,065            | 35,118            | 59,968            | 13,925            | 39,706                  | 4,103             | 58,350                       | 308,135             | 16,238                    | 65,777                        | 50,393            | 132,408             | 440,543             |
| Worker Comp   | 12,854                  | 1,818             | 4,601             | 8,020             | 1,431             | 2,171                   | 958               | 9,339                        | 41,192              | 9,274                     | 3,984                         | 4,777             | 18,035              | 59,227              |
| Conferences and Seminars  | 2,861                   | -                 | 1,552             | 2,980             | 99                | -                       | 131               | -                            | 7,623               | -                         | -                             | 487               | 487                 | 8,110               |
| Meals and Entertainment   | 868                     | 485               | 910               | 8,710             | 360               | -                       | 2,873             | -                            | 14,206              | 3,520                     | 4,774                         | 2,289             | 10,583              | 24,789              |
| Travel and Lodging  | 17,191                  | 3                 | 36                | 4,390             | 638               | 404                     | 21,534            | -                            | 44,196              | -                         | 27                            | 38                | 65                  | 44,261              |
| Entry Fees  | -                       | -                 | -                 | -                 | 56,531            | -                       | -                 | -                            | 56,531              | -                         | -                             | -                 | -                   | 56,531              |
| Equipment   | 3,268                   | -                 | -                 | -                 | 3,481             | 44,032                  | -                 | 2,834                        | 53,615              | -                         | -                             | -                 | -                   | 53,615              |
| Food  | 31,287                  | 4,435             | 16,281            | 5,851             | 474               | 6,959                   | -                 | -                            | 65,287              | -                         | -                             | -                 | -                   | 65,287              |
| Non Staff   | 61,577                  | 42,126            | 120               | 20,506            | 20,735            | 1,453                   | -                 | 43,813                       | 190,330             | -                         | 750                           | 39,094            | 39,844              | 230,174             |
| Printing  | 9,010                   | 320               | 30                | 1,183             | 2,906             | -                       | -                 | 30                           | 13,479              | -                         | -                             | 7,958             | 7,958               | 21,437              |
| Program Supplies  | 69,822                  | 1,858             | 23,497            | 48,659            | -                 | 31,287                  | 7,557             | 2,535                        | 185,215             | -                         | -                             | 8,165             | 8,165               | 193,380             |
| Marketing   | 2,591                   | 800               | 205               | 705               | 559               | -                       | -                 | -                            | 4,860               | 19,709                    | 147                           | 4,916             | 24,772              | 29,632              |
| Occupancy   | 164,400                 | 45,600            | 78,102            | 108,000           | 138,000           | 16,800                  | 3,600             | (372,711)                    | 181,791             | -                         | 44,400                        | 52,800            | 97,200              | 278,991             |
| Building Costs  | 298                     | -                 | -                 | -                 | 23,581            | -                       | -                 | 128,285                      | 152,164             | 1,000                     | -                             | -                 | 1,000               | 153,164             |
| Telephone   | 889                     | -                 | -                 | 433               | -                 | -                       | -                 | -                            | 1,322               | 2,125                     | 1,043                         | -                 | 3,168               | 4,490               |
| Taxes   | 11,092                  | -                 | -                 | -                 | 3,298             | -                       | -                 | 4,539                        | 18,929              | 5,759                     | 23,572                        | -                 | 29,331              | 48,260              |
| Office Supplies   | 9,246                   | 782               | 286               | 1,180             | 351               | 16                      | 597               | -                            | 12,458              | 2,936                     | 26,124                        | 412               | 29,472              | 41,930              |
| Vehicles  | 46                      | 84                | 13,927            | 8,723             | 4,818             | 1,314                   | -                 | -                            | 28,912              | -                         | -                             | -                 | -                   | 28,912              |
| Dues and Fees   | 2,861                   | -                 | 2,712             | 3,660             | 140               | 720                     | -                 | -                            | 10,093              | 2,741                     | 27,786                        | 590               | 31,117              | 41,210              |
| Postage and Shipping  | 1,044                   | -                 | -                 | 92                | -                 | -                       | -                 | -                            | 1,136               | 15,823                    | 6,130                         | 4,311             | 26,264              | 27,400              |
| Insurance   | -                       | -                 | -                 | -                 | 2,184             | -                       | -                 | 44,169                       | 46,353              | 318                       | 19,944                        | -                 | 20,262              | 66,615              |
| Field Trip  | -                       | 351               | 2,103             | 17,837            | -                 | -                       | -                 | -                            | 20,291              | -                         | -                             | -                 | -                   | 20,291              |
| Technology  | -                       | -                 | 7,382             | -                 | -                 | -                       | -                 | 9,753                        | 17,135              | -                         | 4,430                         | -                 | 4,430               | 21,565              |
| Others  | -                       | -                 | -                 | -                 | -                 | -                       | -                 | -                            | -                   | 9,340                     | 2,206                         | -                 | 11,546              | 11,546              |
| Professional Fees   | 9,930                   | -                 | -                 | 20,350            | -                 | -                       | 6,500             | -                            | 36,780              | 13,200                    | 178,166                       | 14,563            | 205,929             | 242,709             |
| Interest  | -                       | -                 | -                 | -                 | -                 | -                       | -                 | 53,932                       | 53,932              | 7,038                     | -                             | -                 | 7,038               | 60,970              |
| Cost of Goods Sold  | -                       | -                 | -                 | -                 | -                 | -                       | -                 | -                            | -                   | 525,696                   | -                             | -                 | 525,696             | 525,696             |
| Total Functional Expenses Before<br>Depreciation and Amortization | 1,004,520               | 199,685           | 392,466           | 646,633           | 363,787           | 344,467                 | 104,103           | 163,525                      | 3,219,186           | 828,147                   | 670,834                       | 452,939           | 1,951,920           | 5,171,106           |
| Depreciation and Amortization                                     | 204,509                 | 52,170            | 102,254           | 100,168           | 200,336           | -                       | 6,260             | -                            | 665,697             | 11,348                    | 56,801                        | 41,766            | 109,915             | 775,612             |
|   | <u>\$ 1,209,029</u>     | <u>\$ 251,855</u> | <u>\$ 494,720</u> | <u>\$ 746,801</u> | <u>\$ 564,123</u> | <u>\$ 344,467</u>       | <u>\$ 110,363</u> | <u>\$ 163,525</u>            | <u>\$ 3,884,883</u> | <u>\$ 839,495</u>         | <u>\$ 727,635</u>             | <u>\$ 494,705</u> | <u>\$ 2,061,835</u> | <u>\$ 5,946,718</u> |

See accompanying Notes to Consolidated Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
SIX-MONTH PERIOD ENDED JUNE 30, 2014**

|  | Program Services     |                   |                   |                   |                   |                   |                  |                          |                     | Supporting Services    |                            |                   |                     | 2014                |
|--|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|--------------------------|---------------------|------------------------|----------------------------|-------------------|---------------------|---------------------|
|  | Center For Fathering | Siempre Padres    | Learning Lab      | Youth Hub         | Urban Stars       | Kids Café & CKE   | Studio 180       | Real Estate/Campus Costs | Total               | City Kid Java Expenses | Administration and General | Fund Raising      | Total               |                     |
| Salaries   | \$ 248,628           | \$ 42,859         | \$ 105,179        | \$ 234,310        | \$ 42,358         | \$ 48,446         | \$ 28,817        | \$ 69,795                | \$ 820,392          | \$ 97,860              | \$ 127,794                 | \$ 148,629        | \$ 374,283          | \$ 1,194,675        |
| Taxes and Benefits   | 43,491               | 4,802             | 19,876            | 41,432            | 8,270             | 11,981            | 2,446            | 22,858                   | 155,156             | 12,610                 | 28,637                     | 27,867            | 69,114              | 224,270             |
| Worker Comp  | 6,840                | 960               | 2,640             | 5,222             | 960               | 239               | 240              | 4,240                    | 21,341              | -                      | 6,761                      | 2,816             | 9,577               | 30,918              |
| Conferences and Seminars                                       | 4,084                | 128               | 310               | 1,016             | 30                | -                 | -                | -                        | 5,568               | -                      | 805                        | -                 | 805                 | 6,373               |
| Meals and Entertainment  | 711                  | 42                | 358               | 6,918             | 430               | -                 | 102              | -                        | 8,561               | 1,151                  | 2,157                      | 753               | 4,061               | 12,622              |
| Travel and Lodging   | 4,646                | -                 | 56                | 2,623             | 9                 | -                 | 854              | 307                      | 8,495               | 2,717                  | 728                        | 198               | 3,643               | 12,138              |
| Entry Fees   | -                    | -                 | -                 | -                 | 17,960            | -                 | -                | -                        | 17,960              | -                      | -                          | -                 | -                   | 17,960              |
| Equipment  | 2,234                | -                 | -                 | -                 | 1,780             | -                 | -                | 1,596                    | 5,610               | -                      | -                          | -                 | -                   | 5,610               |
| Food   | 6,823                | 1,487             | 11,486            | 4,526             | 1,198             | 875               | -                | -                        | 26,395              | -                      | -                          | -                 | -                   | 26,395              |
| Non Staff  | 39,255               | 8,679             | 319               | 10,165            | 1,250             | -                 | -                | 5,503                    | 65,171              | 7,587                  | -                          | 33,266            | 40,853              | 106,024             |
| Printing   | 4,986                | 1,101             | 294               | 581               | 1,123             | -                 | 30               | -                        | 8,115               | -                      | 1,175                      | 15,132            | 16,307              | 24,422              |
| Program Supplies   | 52,135               | 1,543             | 4,253             | 8,087             | 16,080            | 44,690            | 90               | 419                      | 127,297             | -                      | 2,537                      | 7,804             | 10,341              | 137,638             |
| Marketing  | -                    | -                 | -                 | -                 | 2,402             | -                 | -                | -                        | 2,402               | -                      | -                          | 3,538             | 3,538               | 5,940               |
| Occupancy  | 76,800               | 19,200            | 38,400            | 43,800            | 61,800            | -                 | 7,200            | (137,154)                | 110,046             | 6,000                  | 19,800                     | 22,800            | 48,600              | 158,646             |
| Building Costs   | -                    | 951               | -                 | -                 | 26,280            | -                 | -                | 117,464                  | 144,695             | -                      | -                          | -                 | -                   | 144,695             |
| Telephone  | 1,080                | 75                | 80                | 1,224             | 75                | -                 | -                | 50                       | 2,584               | 1,514                  | 494                        | -                 | 2,008               | 4,592               |
| Taxes  | -                    | -                 | -                 | -                 | 3,322             | -                 | -                | 4,667                    | 7,989               | -                      | 9,350                      | -                 | 9,350               | 17,339              |
| Office Supplies  | 6,532                | 204               | 506               | 514               | 926               | 234               | -                | 37                       | 8,953               | 1,383                  | 7,978                      | 356               | 9,717               | 18,670              |
| Vehicles   | -                    | -                 | 16,947            | 7,452             | -                 | -                 | -                | 247                      | 24,646              | -                      | -                          | -                 | -                   | 24,646              |
| Dues and Fees  | -                    | -                 | -                 | -                 | -                 | 2,645             | 2,500            | -                        | 5,145               | 2,760                  | 4,244                      | 3,658             | 10,662              | 15,807              |
| Bad Debts  | -                    | -                 | -                 | -                 | -                 | -                 | -                | -                        | -                   | -                      | 666                        | -                 | 666                 | 666                 |
| Postage and Shipping   | 6                    | -                 | -                 | -                 | -                 | -                 | -                | -                        | 6                   | 8,994                  | 3,028                      | 4,129             | 16,151              | 16,157              |
| Insurance  | -                    | -                 | -                 | -                 | 1,027             | -                 | -                | 20,935                   | 21,962              | -                      | 9,714                      | -                 | 9,714               | 31,676              |
| Field Trip   | -                    | -                 | 1,180             | 15,841            | -                 | -                 | -                | -                        | 17,021              | -                      | -                          | -                 | -                   | 17,021              |
| Technology   | -                    | -                 | -                 | -                 | -                 | -                 | -                | -                        | -                   | -                      | 21                         | -                 | 21                  | 21                  |
| Others   | -                    | -                 | -                 | -                 | -                 | -                 | -                | -                        | -                   | 18,181                 | 6,293                      | -                 | 24,474              | 24,474              |
| Professional Fees  | 19,860               | 275               | 3,000             | 826               | -                 | -                 | -                | -                        | 23,961              | 500                    | 65,526                     | 6,339             | 72,365              | 96,326              |
| Interest   | -                    | -                 | -                 | -                 | -                 | -                 | -                | 27,936                   | 27,936              | 3,301                  | -                          | -                 | 3,301               | 31,237              |
| Cost of Goods Sold   | -                    | -                 | -                 | -                 | -                 | -                 | -                | -                        | -                   | 338,655                | -                          | -                 | 338,655             | 338,655             |
| Total Functional Expenses Before Depreciation and Amortization | 518,111              | 82,306            | 204,884           | 384,537           | 187,280           | 109,110           | 42,279           | 138,900                  | 1,667,407           | 503,213                | 297,708                    | 277,285           | 1,078,206           | 2,745,613           |
| Depreciation and Amortization                                  | 109,082              | 27,827            | 54,541            | 53,428            | 106,856           | -                 | 3,339            | -                        | 355,073             | 2,631                  | 29,667                     | 22,262            | 54,560              | 409,633             |
|  | <u>\$ 627,193</u>    | <u>\$ 110,133</u> | <u>\$ 259,425</u> | <u>\$ 437,965</u> | <u>\$ 294,136</u> | <u>\$ 109,110</u> | <u>\$ 45,618</u> | <u>\$ 138,900</u>        | <u>\$ 2,022,480</u> | <u>\$ 505,844</u>      | <u>\$ 327,375</u>          | <u>\$ 299,547</u> | <u>\$ 1,132,766</u> | <u>\$ 3,155,246</u> |

See accompanying Notes to Consolidated Financial Statements.



**URBAN VENTURES LEADERSHIP FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015 AND  
SIX-MONTH PERIOD ENDED JUNE 30, 2014**

|   | 2015        | 2014           |
|---|-------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |             |                |
| Change in Net Assets  | \$ 475,354  | \$ (1,429,435) |
| Adjustments to Reconcile Change in Net Assets to Net Cash<br>Provided (Used) by Operating Activities: |             |                |
| Depreciation and Amortization   | 775,612     | 409,633        |
| Bad Debt Expense  | 75          | 666            |
| Investment Income   | (15,213)    | (60,507)       |
| Change in Operating Assets and Liabilities:   |             |                |
| Pledges Receivable  | 55,149      | 207,737        |
| Accounts Receivable   | (9,096)     | 9,155          |
| Inventory   | 53,251      | 49,442         |
| Prepaid Expenses  | 3,239       | (34,536)       |
| Accounts Payable  | (55,810)    | 3,260          |
| Accrued Expenses  | (18,453)    | (6,017)        |
| Net Cash Provided (Used) by Operating Activities  | 1,264,108   | (850,602)      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |             |                |
| Purchases of Property and Equipment   | (35,888)    | (93,263)       |
| Proceeds from Sale of Other Investments   | 93,500      | 96,405         |
| Purchase of Endowment Fund Investments  | (1,000,000) | -              |
| Net Cash Provided (Used) by Investing Activities  | (942,388)   | 3,142          |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |             |                |
| Net Change in Line of Credit  | (112,619)   | 181,751        |
| Repayment of Long-Term Debt   | (75,481)    | (36,452)       |
| Net Cash Provided (Used) by Financing Activities  | (188,100)   | 145,299        |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | 133,620     | (702,161)      |
| Cash and Cash Equivalents - Beginning of Period   | 440,790     | 1,142,951      |
| <b>CASH AND CASH EQUIVALENTS - END OF PERIOD</b>  | \$ 574,410  | \$ 440,790     |
| <b>SUPPLEMENTAL CASH FLOW INFORMATION</b>   |             |                |
| Cash Paid for Interest  | \$ 60,970   | \$ 31,172      |

See accompanying Notes to Consolidated Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015 AND  
SIX MONTH PERIOD ENDED JUNE 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Program Services**

Urban Ventures Leadership Foundation (the Organization) is a nonprofit community development corporation founded in 1993.

Urban Ventures Leadership Foundation is committed to alleviating urban poverty in the Twin Cities region by focusing on programs and partnerships that create economic sustainability for the community, enhancing education and spiritual development for youth, teaching and providing parenting and fathering skills and providing food and nutritional education.

Urban Ventures Leadership Foundation believes that transformed lives create a successful community. While based in South Minneapolis, the scale and reach of Urban Ventures is regional as a significant number of clients do not live in our closest neighborhoods.

**Principles of Consolidation**

The accompanying consolidated financial statements include 100% of the accounts of the Organization and its wholly owned subsidiaries, UVLF Opportunities, Inc., and CityKid Java, LLC. All material intercompany balances and transactions have been eliminated in consolidation.

**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 three categories:

Unrestricted – Resources over which the board of directors has discretionary control.

Temporarily Restricted – Those resources subject to donor imposed restrictions that will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permit the Organization to use all or part of the income earned, including capital appreciation, or related investments for unrestricted or temporarily restricted purposes.

The Organization has elected to present temporarily restricted contributions, which are fulfilled in the same period, within the unrestricted 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.

**URBAN VENTURES LEADERSHIP FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015 AND  
SIX MONTH PERIOD ENDED JUNE 30, 2014**

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

**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 collectibility 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 \$8,483 at June 30, 2015 and 2014. The Organization's accounts receivable are unsecured assets.

**Inventory**

Inventory, which consists of items used in CityKid Java, LLC sales, is valued at the lower of cost or market, determined using the first-in, first-out (FIFO) method, or market.

**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, including pending bequests, are not included as support until such time as the conditions are substantially met. Management estimates that all pledges receivable are fully collectible and no allowance for doubtful pledges has been recognized.

**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 \$500 are capitalized. Estimate lives of assets are:

|                         |            |
|-------------------------|------------|
| Buildings               | 40 Years   |
| Building Improvements   | 20 Years   |
| Vehicles                | 7 Years    |
| Furniture and Equipment | 3-10 Years |

**URBAN VENTURES LEADERSHIP FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015 AND  
SIX MONTH PERIOD ENDED JUNE 30, 2014**

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

**Endowment Fund Investments**

Endowment Fund Investments are stated at fair value. The investments consist of interests in various non-publicly 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 consolidated statements of activities as a component of investment income. Realized and unrealized gains and losses are included in the accompanying consolidated 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.

**Funds Held by Others**

These assets are valued at fair value, in accordance with current accounting standards on transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others. Realized and unrealized gains and losses are recognized in the consolidated statements of activities.

**Revenue Recognition**

Government contracts are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as deferred revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Service group revenues include private and government fees received for services provided to individuals, as well as grants, gifts, and service contracts with government agencies. Fee revenue and revenue under service contracts are recognized as services are performed.

**In-Kind Contributions**

Accounting Principles Generally Accepted in the United States of America (GAAP) requires 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 2015 and 2014.

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 consolidated statements of activities as recognition has not been satisfied under the requirements of GAAP.

**URBAN VENTURES LEADERSHIP FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015 AND  
SIX MONTH PERIOD ENDED JUNE 30, 2014**

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

**Allocation of Functional Expenses**

Functional expenses have been allocated between program services and supporting services based on an analysis of personal time and space utilized for the related activities.

**Use of Estimates**

The preparation of the accompanying consolidated 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**

Urban Ventures Leadership Foundation 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. Also, UVLF Opportunities Inc. is exempt from federal taxes on related income under Section 501(c)(2) of the Internal Revenue Code. The Organization is also exempt from state income tax on related income. CityKid Java, LLC. is a disregarded entity for income tax purposes.

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

**Fair Value Measurements**

Accounting standards require disclosure of fair value information about financial instruments, whether or not recognized in the consolidated 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 are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

**URBAN VENTURES LEADERSHIP FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015 AND  
SIX MONTH PERIOD ENDED JUNE 30, 2014**

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

**Fair Value Measurements (Continued)**

*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.

**Reclassifications**

Certain reclassifications have been made to the prior year consolidated financial statements to confirm to the current year presentation. The reclassifications had no effects on the change in net assets or total net assets as previously reported.

**Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in these consolidated financial statements through October 19, 2015, the date the consolidated financial statements were available to be issued.

**NOTE 2 ENDOWMENT FUND INVESTMENTS**

Endowment Fund Investments consisted of the following at June 30, 2015 and 2014:

|                             | 2015                | 2014                |
|-----------------------------|---------------------|---------------------|
| Fixed Income Funds          | \$ 321,910          | \$ 171,116          |
| Diversified Equity Fund     | 1,359,929           | 583,262             |
| Marketable Alternative Fund | 810,242             | 911,889             |
| Special Opportunities Fund  | 335,789             | 239,890             |
| Total                       | <u>\$ 2,827,870</u> | <u>\$ 1,906,157</u> |

Investment income for the year ended June 30, 2015 and the six-month period ended June 30, 2014 consisted of the following:

|  | 2015             | 2014             |
|--|------------------|------------------|
| Endowment Fund Realized and Unrealized Gains | <u>\$ 15,213</u> | <u>\$ 60,507</u> |

**URBAN VENTURES LEADERSHIP FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND**  
**SIX MONTH PERIOD ENDED JUNE 30, 2014**

**NOTE 3 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.

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, 2015 and 2014:

| <u>June 30, 2015</u>        | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u>      | <u>Total</u>        |
|-----------------------------|----------------|----------------|---------------------|---------------------|
| Endowment Fund Investments: |                |                |                     |                     |
| Fixed Income Fund           | \$ -           | \$ -           | \$ 321,910          | \$ 321,910          |
| Diversified Equity Fund     | -              | -              | 1,359,929           | 1,359,929           |
| Marketable Alternative Fund | -              | -              | 810,242             | 810,242             |
| Special Opportunities Fund  | -              | -              | 335,789             | 335,789             |
| Funds Held by Others        | -              | -              | 10,860              | 10,860              |
| Total                       | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 2,838,730</u> | <u>\$ 2,838,730</u> |

| <u>June 30, 2014</u>        | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u>      | <u>Total</u>        |
|-----------------------------|----------------|----------------|---------------------|---------------------|
| Endowment Fund Investments: |                |                |                     |                     |
| Fixed Income Fund           | \$ -           | \$ -           | \$ 171,116          | 171,116             |
| Diversified Equity Fund     | -              | -              | 583,262             | 583,262             |
| Marketable Alternative Fund | -              | -              | 911,889             | 911,889             |
| Special Opportunities Fund  | -              | -              | 239,890             | 239,890             |
| Funds Held by Others        | -              | -              | 10,935              | 10,935              |
| Total                       | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ 1,917,092</u> | <u>\$ 1,917,092</u> |

The unobservable inputs are the underlying assets held at a community foundation and follow their investment policy.

The following table provides a summary of changes in the Organization’s Level 3 assets for the year ended June 30, 2015:

|  | <u>Endowment Fund Investments</u> |  |                                    |   | <u>Funds Held by<br/>The Minneapolis<br/>Foundation</u> |
|--|-----------------------------------|--|------------------------------------|---|---|
|  | <u>Fixed Income<br/>Fund</u>      | <u>Marketable<br/>Alternative<br/>Fund</u> | <u>Diversified<br/>Equity Fund</u> | <u>Special<br/>Opportunities<br/>Fund</u> |   |
| Balance at Beginning of Year           | \$ 171,116                        | \$ 583,262                                 | \$ 911,889                         | \$ 239,890                                | \$ 10,935   |
| Purchases                              | 145,500                           | 256,900                                    | 482,200                            | 115,400                                   | -   |
| Unrealized and Realized Gains (Losses) | 1,494                             | 15,180                                     | 3,640                              | (5,101)                                   | (75)  |
| Transfers from Other Okabena Funds     | 14,400                            | (17,600)                                   | 6,800                              | (3,600)                                   | -   |
| Withdrawals                            | (10,600)                          | (27,500)                                   | (44,600)                           | (10,800)                                  | -   |
| Balance at End of Year                 | <u>\$ 321,910</u>                 | <u>\$ 810,242</u>                          | <u>\$ 1,359,929</u>                | <u>\$ 335,789</u>                         | <u>\$ 10,860</u>  |

**URBAN VENTURES LEADERSHIP FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND**  
**SIX MONTH PERIOD ENDED JUNE 30, 2014**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table provides a summary of changes in the Organization's Level 3 assets for the six-month period ended June 30, 2014:

|                                    | Endowment Fund Investments |                           |                   |                       | Funds Held by<br>The Minneapolis<br>Foundation |
|------------------------------------|----------------------------|---------------------------|-------------------|-----------------------|--|
|                                    | Fixed Income               | Marketable<br>Alternative | Diversified       | Special               |  |
|                                    | Fund                       | Fund                      | Equity Fund       | Opportunities<br>Fund |  |
| Balance at Beginning of Year       | \$ 161,315                 | \$ 564,156                | \$ 989,814        | \$ 227,365            | \$ 10,340                                      |
| Unrealized and Realized Gains      | 5,601                      | 8,206                     | 33,575            | 13,125                | 595  |
| Transfers from Other Okabena Funds | 13,900                     | 36,500                    | 2,000             | 13,400                | -  |
| Withdrawals                        | (9,700)                    | (25,600)                  | (113,500)         | (14,000)              | -  |
| Balance at End of Year             | <u>\$ 171,116</u>          | <u>\$ 583,262</u>         | <u>\$ 911,889</u> | <u>\$ 239,890</u>     | <u>\$ 10,935</u>                               |

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2015 and 2014:

|                             | Net Asset Value |            | Unfunded<br>Commitments | Redemption<br>Frequency if | Redemption    |
|-----------------------------|-----------------|------------|-------------------------|----------------------------|---------------|
|                             | 2015            | 2014       |                         | Currently<br>Available     | Notice Period |
| Endowment Fund Investments: |                 |            |                         |                            |               |
| Fixed Income Fund           | \$ 321,910      | \$ 171,116 | \$ -                    | Quarterly                  | 30 Days       |
| Diversified Equity Fund     | 1,359,929       | 583,262    | -                       | Quarterly                  | 30 Days       |
| Marketable Alternative Fund | 810,242         | 911,889    | -                       | Quarterly                  | 6 Months      |
| Special Opportunities Fund  | 335,789         | 239,890    | -                       | Annually                   | 6 Months      |

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

The Fixed Income Fund achieves its objective to provide income, capital preservation, and liquidity by investing primarily in investment companies that provide exposure to corporate, government, and asset backed debt, broadly diversified across geography, issuer, strategy, sector, and quality.

The Diversified Equity Fund achieves its investment objective of total return and growth through allocations to global equities diversified across broad company, country, currency, sector, and capitalization exposure. 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 CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND**  
**SIX MONTH PERIOD ENDED JUNE 30, 2014**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

The Marketable Alternative Fund achieves its investment objective of diversification, risk reduction, and return enhancement through broadly diversified allocations to two primary hedge fund categories, Absolute Return and Market Directional. Absolute return strategies exploit inefficiencies and mispriced securities while “hedging out” the effects of the market’s overall direction in an effort to minimize market risk. Market directional strategies seek to take advantage of broad movements in securities prices and, therefore, have a higher market risk component than the absolute return stratifies. 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.

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.

**NOTE 4 PROPERTY, EQUIPMENT AND BUILDINGS**

Property, equipment and buildings consisted of the following at June 30, 2015 and 2014:

|   | <u>2015</u>          | <u>2014</u>          |
|---|----------------------|----------------------|
| Land                                    | \$ 1,528,846         | \$ 1,528,846         |
| Buildings                               | 20,047,433           | 20,044,553           |
| Furniture and Equipment                 | 1,924,905            | 1,892,506            |
| Vehicles                                | <u>100,502</u>       | <u>99,893</u>        |
| Total Property, Equipment and Buildings | 23,601,686           | 23,565,798           |
| Less: Accumulated Depreciation          | <u>(7,797,228)</u>   | <u>(7,021,616)</u>   |
| Net Property, Equipment and Buildings   | <u>\$ 15,804,458</u> | <u>\$ 16,544,182</u> |

Depreciation expense was \$775,612 and \$409,633 for the year ended June 30, 2015 and the six-month period ended June 30, 2014, respectively. Included in land and buildings is 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.

**URBAN VENTURES LEADERSHIP FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015 AND  
SIX MONTH PERIOD ENDED JUNE 30, 2014**

**NOTE 5 LINES OF CREDIT**

The Organization has a \$500,000 line of credit with BMO Harris bank, with an interest rate of 3.00% above the 1-Month Libor (3.184% at June 30, 2015). The line of credit is secured by property and matures on May 1, 2016. At June 30, 2015, there was no outstanding draws on the line of credit. At June 30, 2014, there was \$150,000 owed on the line of credit.

CityKid Java, LLC has a \$175,000 line of credit with Anchor bank, at prime with a floor of 4.25% (4.25% at June 30, 2015). The line of credit is secured by all assets of CityKid is guaranteed by the Organization and matured on August 4, 2015. At June 30, 2015 and 2014, there was \$174,381 and \$137,000, respectively, owed on the line of credit.

Subsequent to year end, CityKid Java, LLC turned the outstanding amount due on their line of credit into a term loan. This occurred in August of 2015 with a principal amount outstanding of \$184,570. The loan matures on August 28, 2020 and will require monthly principal payments of \$3,447. The loan bears interest at 1.25% + Prime. The loan is guaranteed by the Organization.

**NOTE 6 LONG-TERM DEBT**

Long-term debt consisted of the following at June 30, 2015 and 2014:

| <u>Description</u>  | <u>2015</u>       | <u>2014</u>         |
|---|-------------------|---------------------|
| Note payable - bank, with monthly payments of \$8,946 including interest at 5.004%, due September 2018. The note is secured by land, property and assets held by the Organization.              | \$ 1,033,766      | \$ 1,087,185        |
| Note payable - bank, with monthly payments of \$1,935 including interest at 4.5% due January 2016. The note is secured by all inventory, equipment and accounts receivable of CityKid Java, LLC | 13,345            | 35,407              |
| Total Long-Term Debt  | 1,047,111         | 1,122,592           |
| Current Portion of Long-Term Debt   | (70,323)          | (77,425)            |
| Total   | <u>\$ 976,788</u> | <u>\$ 1,045,167</u> |

Current maturities of long-term debt at June 30, 2015 are due as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u>       |
|-----------------------------|---------------------|
| 2016                        | \$ 70,323           |
| 2017                        | 59,896              |
| 2018                        | 62,963              |
| 2019                        | 853,929             |
| Total Debt Payments         | <u>\$ 1,047,111</u> |

Management believes they are in compliance with all covenants.

**URBAN VENTURES LEADERSHIP FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND**  
**SIX MONTH PERIOD ENDED JUNE 30, 2014**

**NOTE 7 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 IRS limitations and in 2012 the Organization began matching 25% of employee contributions up to 1% of the employee's base salary. The Organization's matching contribution is discretionary as determined by the board of directors. Matching contributions were \$14,046 and \$6,706 during the year ended June 30, 2015 and the six-month period ended June 30, 2014, respectively.

**NOTE 8 RENTAL INCOME**

The Organization leases space in buildings it owns under various lease arrangements. Rental income was \$343,222 and \$166,570 during the year ended June 30, 2015 and the six-month period ended June 30, 2014, respectively. Leases mature at various times over the next four years.

**NOTE 9 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following as of June 30, 2015 and 2014:

|                         | <u>2015</u>       | <u>2014</u>       |
|-------------------------|-------------------|-------------------|
| Purpose Restrictions    | \$ 575,308        | \$ 406,974        |
| Endowment Fund Earnings | -                 | 10,875            |
| Total                   | <u>\$ 575,308</u> | <u>\$ 417,849</u> |

Temporarily restricted net assets released consist of the following during the year ended June 30, 2015 and the six-month period ended June 30, 2014:

|                                     | <u>2015</u>       | <u>2014</u>       |
|-------------------------------------|-------------------|-------------------|
| Purpose Releases                    | \$ 540,225        | \$ 126,972        |
| Appropriations from Endowment Funds | 93,500            | 97,000            |
| Total                               | <u>\$ 633,725</u> | <u>\$ 223,972</u> |

**NOTE 10 ENDOWMENT FUND**

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 of directors. The endowment fund at June 30, 2014 consisted solely of donor restricted amounts. 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.

**URBAN VENTURES LEADERSHIP FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2015 AND**  
**SIX MONTH PERIOD ENDED JUNE 30, 2014**

**NOTE 10 ENDOWMENT FUND (CONTINUED)**

Endowment by net asset class for the year ended June 30, 2015 and the six-month period ended June 30, 2014:

|                                  | 2015              |                        |                        | Total               |
|----------------------------------|-------------------|------------------------|------------------------|---------------------|
|                                  | Unrestricted      | Temporarily Restricted | Permanently Restricted |                     |
| Donor-Restricted Endowment Funds | \$ (67,412)       | \$ -                   | \$ 1,895,282           | \$ 1,827,870        |
| Board-Designated Endowment Funds | 1,000,000         | -                      | -                      | 1,000,000           |
| Total Endowment Funds            | <u>\$ 932,588</u> | <u>\$ -</u>            | <u>\$ 1,895,282</u>    | <u>\$ 2,827,870</u> |

  

|                                  | 2014         |                        |                        | Total               |
|----------------------------------|--------------|------------------------|------------------------|---------------------|
|                                  | Unrestricted | Temporarily Restricted | Permanently Restricted |                     |
| Donor-Restricted Endowment Funds | \$ -         | \$ 10,875              | \$ 1,895,282           | \$ 1,906,157        |
| Board-Designated Endowment Funds | -            | -                      | -                      | -                   |
| Total Endowment Funds            | <u>\$ -</u>  | <u>\$ 10,875</u>       | <u>\$ 1,895,282</u>    | <u>\$ 1,906,157</u> |

Changes in endowment fund assets were as follows for the year ended June 30, 2015 and the six-month period ended June 30, 2014:

|   | 2015              |                        |                        | Total               |
|---|-------------------|------------------------|------------------------|---------------------|
|   | Unrestricted      | Temporarily Restricted | Permanently Restricted |                     |
| Endowments at July 1, 2014                                | \$ -              | \$ 10,875              | \$ 1,895,282           | \$ 1,906,157        |
| Board Approved Contribution                               | 1,000,000         | -                      | -                      | 1,000,000           |
| Appropriation of Endowment Assets for Expenditures        | -                 | (93,500)               | -                      | (93,500)            |
| Realized and Unrealized Gains on Investments Appreciation | -                 | 15,213                 | -                      | 15,213              |
| Transfer of Endowment Fund Deficits                       | (67,412)          | 67,412                 | -                      | -                   |
| Endowments at June 30, 2015                               | <u>\$ 932,588</u> | <u>\$ -</u>            | <u>\$ 1,895,282</u>    | <u>\$ 2,827,870</u> |

  

|   | 2014         |                        |                        | Total               |
|---|--------------|------------------------|------------------------|---------------------|
|   | Unrestricted | Temporarily Restricted | Permanently Restricted |                     |
| Endowments at January 1, 2014                             | \$ -         | \$ 47,368              | \$ 1,895,282           | \$ 1,942,650        |
| Contributions Received                                    | -            | -                      | -                      | -                   |
| Appropriation of Endowment Assets for Expenditures        | -            | (97,000)               | -                      | (97,000)            |
| Realized and Unrealized Gains on Investments Appreciation | -            | 60,507                 | -                      | 60,507              |
| Donor Release from Restriction                            | -            | -                      | -                      | -                   |
| Endowments at June 30, 2014                               | <u>\$ -</u>  | <u>\$ 10,875</u>       | <u>\$ 1,895,282</u>    | <u>\$ 1,906,157</u> |

**URBAN VENTURES LEADERSHIP FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015 AND  
SIX MONTH PERIOD ENDED JUNE 30, 2014**

**NOTE 10 ENDOWMENT FUND (CONTINUED)**

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 11 MAJOR CONTRIBUTORS**

Three donors/funders accounted for 44% of total contributions and grants for the year ended June 30, 2015. There were no material concentrations from donors of contributions for the six-month period ended June 30, 2014.

The Organization also received \$68,776 and \$9,612 of contributions from board members during the year ended June 30, 2015 and the six-month period ended June 30, 2014, respectively.