

URBAN VENTURES LEADERSHIP FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Urban Ventures Leadership Foundation
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Ventures Leadership Foundation as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Urban Ventures Leadership Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Ventures Leadership Foundation's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Urban Ventures Leadership Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban Ventures Leadership Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 4, 2022

URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,190,839	\$ 3,338,759
Cash and Cash Equivalents - EMPOWER Campaign	2,108,668	3,357,605
Pledges Receivable Operating, Net	638,518	626,184
Pledges Receivable - EMPOWER Campaign, Net	383,333	395,667
Accounts Receivable, Net	89,377	87,438
Inventory	3,679	2,954
Prepaid Expenses	26,343	91,294
Total Current Assets	4,440,757	7,899,901
PROPERTY, EQUIPMENT, AND BUILDINGS	13,151,087	13,414,863
OTHER ASSETS		
Long-Term Pledges Receivable - EMPOWER Campaign, Net	74,414	405,764
Investments	4,718,111	1,839,235
Total Other Assets	4,792,525	2,244,999
Total Assets	\$ 22,384,369	\$ 23,559,763
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 61,699	\$ 83,786
Accrued Expenses	337,320	228,937
Current Portion of Long-Term Debt and Capital Leases	17,922	4,858
Total Current Liabilities	416,941	317,581
LONG-TERM LIABILITIES		
Long-Term Debt and Capital Leases	184,745	174,800
Total Liabilities	601,686	492,381
NET ASSETS		
Without Donor Restrictions		
Undesignated	14,943,432	17,087,766
Board Designated - Capital Reserve	1,500,000	-
Total Net Assets Without Donor Restriction	16,443,432	17,087,766
With Donor Restrictions	5,339,251	5,979,616
Total Net Assets	21,782,683	23,067,382
Total Liabilities and Net Assets	\$ 22,384,369	\$ 23,559,763

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and Grants	\$ 2,632,860	\$ 862,645	\$ 3,495,505	\$ 2,792,886	\$ 70,360	\$ 2,863,246
Contributions - EMPOWER Campaign	-	470,777	470,777	-	2,084,544	2,084,544
Contributions - Emergency Response	-	-	-	454,775	-	454,775
Program Service Fees	439,846	-	439,846	90,700	-	90,700
Rental Income	103,104	-	103,104	69,047	-	69,047
Investment Income	(972,020)	(5,334)	(977,354)	-	358,921	358,921
Other Income	49,148	-	49,148	39,873	-	39,873
Urban Ventures Coffee Revenue	54,950	-	54,950	37,711	-	37,711
Loan Forgiveness Income	-	-	-	610,500	-	610,500
Loss on Sale of Asset	500	-	500	(20,157)	-	(20,157)
In-Kind Revenue	31,386	-	31,386	-	-	-
Net Assets Released from Restriction	1,034,939	(1,034,939)	-	3,445,276	(3,445,276)	-
Release of EMPOWER Funds to Establish Capital Reserve Fund	1,500,000	(1,500,000)	-	-	-	-
Total Support and Revenue	<u>4,874,713</u>	<u>(1,206,851)</u>	<u>3,667,862</u>	<u>7,520,611</u>	<u>(931,451)</u>	<u>6,589,160</u>
EXPENSES						
Program Services:						
Youth Services	797,380	-	797,380	839,531	-	839,531
Education and Literacy	1,407,375	-	1,407,375	356,247	-	356,247
Family Programming	657,039	-	657,039	626,909	-	626,909
Farm and Nutrition	456,654	-	456,654	457,042	-	457,042
Program Services	435,305	-	435,305	809,315	-	809,315
Total Program Services	<u>3,753,753</u>	<u>-</u>	<u>3,753,753</u>	<u>3,089,044</u>	<u>-</u>	<u>3,089,044</u>
Supporting Services:						
Administration	822,204	-	822,204	781,815	-	781,815
Fundraising	376,604	-	376,604	674,333	-	674,333
Total Supporting Services	<u>1,198,808</u>	<u>-</u>	<u>1,198,808</u>	<u>1,456,148</u>	<u>-</u>	<u>1,456,148</u>
Total Expenses	<u>4,952,561</u>	<u>-</u>	<u>4,952,561</u>	<u>4,545,192</u>	<u>-</u>	<u>4,545,192</u>
CHANGE IN NET ASSETS	(77,848)	(1,206,851)	(1,284,699)	2,975,419	(931,451)	2,043,968
Net Assets - Beginning of Year	17,087,766	5,979,616	23,067,382	14,112,347	6,911,067	21,023,414
Reclassification of Net Assets to Replenish Restricted Endowment Account	(566,486)	566,486	-	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 16,443,432</u>	<u>\$ 5,339,251</u>	<u>\$ 21,782,683</u>	<u>\$ 17,087,766</u>	<u>\$ 5,979,616</u>	<u>\$ 23,067,382</u>

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program					Support			Total 2022	
	Youth Service	Education and Literacy	Family Programming	Farm and Nutrition	Program Services	Total Program	Administration	Fundraising		Total Support
Salaries	\$ 407,652	\$ 739,668	\$ 250,534	\$ 251,406	\$ 251,769	\$ 1,901,029	\$ 361,142	\$ 176,796	\$ 537,938	\$ 2,438,967
Benefits	80,095	163,780	68,080	69,266	47,032	428,253	95,018	36,787	131,805	560,058
Total Payroll	487,747	903,448	318,614	320,672	298,801	2,329,282	456,160	213,583	669,743	2,999,025
Cost of Goods Sold	9,858	-	-	-	-	9,858	-	(725)	(725)	9,133
Employee Development, Appreciation, and Conferences	2,410	4,937	-	230	150	7,727	-	1,813	1,813	9,540
Employee Mileage and Travel	4,861	20	636	2,414	-	7,931	139	-	139	8,070
Professional Fees	84,230	11,932	99,566	2,472	4,611	202,811	101,338	5,034	106,372	309,183
Purchased Services	15,074	49,851	65,043	18,932	9,702	158,602	2,652	128,521	131,173	289,775
Food	7,240	38,696	4,267	9,008	4,970	64,181	8,117	2,708	10,825	75,006
Entry Fees	3,399	725	-	-	-	4,124	-	-	-	4,124
Printing	2,794	4,760	157	223	345	8,279	-	11,634	11,634	19,913
Supplies	12,222	49,262	6,694	7,056	3,178	78,412	6,152	1,263	7,415	85,827
Vehicle Operations	428	755	352	3,514	219	5,268	75	75	150	5,418
Telephone	1,056	937	197	622	123	2,935	3,376	42	3,418	6,353
Dues, Fees, Subscriptions	5,299	16,668	3,083	1,774	4,597	31,421	24,824	32,030	56,854	88,275
Postage and Shipping	1,256	-	-	642	-	1,898	1,071	-	1,071	2,969
Insurance	19,818	34,978	16,330	11,349	10,151	92,626	35,727	3,970	39,697	132,323
Occupancy	12,249	21,620	10,093	7,015	6,275	57,252	22,083	2,454	24,537	81,789
Lake and 4th Building Expense	40,575	71,615	33,434	23,237	20,784	189,645	7,137	7,137	14,274	203,919
Other Expense	7,661	29,124	33,382	1,143	(1,837)	69,473	8,693	6,482	15,175	84,648
Rents and Leases	2,950	1,704	2,359	691	741	8,445	1,535	649	2,184	10,629
Equipment Expense	-	421	-	1,359	-	1,780	801	-	801	2,581
Buildings Expense	1,948	3,438	1,605	1,747	998	9,736	343	343	686	10,422
Major Buildings Expense	-	31,335	-	-	-	31,335	-	-	-	31,335
Interest Expense	-	-	-	-	6,578	6,578	6,890	-	6,890	13,468
Depreciation	74,305	131,149	61,227	42,554	38,063	347,298	133,958	14,884	148,842	496,140
Emergency Response Grants	-	-	-	-	-	-	-	-	-	-
Recovery of Bad Debt Previously Written Off	-	-	-	-	-	-	-	(58,690)	(58,690)	(58,690)
In-Kind Expense	-	-	-	-	26,856	26,856	1,133	3,397	4,530	31,386
Total Other Expense	309,633	503,927	338,425	135,982	136,504	1,424,471	366,044	163,021	529,065	1,953,536
Total Expense	\$ 797,380	\$ 1,407,375	\$ 657,039	\$ 456,654	\$ 435,305	\$ 3,753,753	\$ 822,204	\$ 376,604	\$ 1,198,808	\$ 4,952,561

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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,284,699)	\$ 2,043,968
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	496,140	418,039
(Recovery of Bad Debt Previously Written Off) Bad Debt Expense	(58,690)	2,508
(Gain) Loss on Sale of Fixed Assets	(500)	20,157
Investment Income	977,354	(358,921)
Loan Forgiveness Income	-	(610,500)
Change in Operating Assets and Liabilities:		
Pledges Receivable	390,040	2,134,179
Accounts Receivable	(1,939)	15,764
Inventory	(725)	(2,954)
Prepaid Expenses	64,951	(37,782)
Accounts Payable	(22,087)	(45,032)
Accrued Expenses	108,383	(110,096)
Net Cash Provided by Operating Activities	668,228	3,469,330
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(232,364)	(1,241,685)
Proceeds from the Sale of Property and Equipment	500	29,843
Purchase of Other Investments	(5,089,253)	7,001
Proceeds from Sale of Other Investments	1,233,023	-
Purchase of Endowment Fund Investments	-	(195,859)
Proceeds from the Sale of Endowment Fund Investments	-	191,800
Net Cash Used by Investing Activities	(4,088,094)	(1,208,900)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(1,239)	(1,103)
Assets Purchased through Capital Lease Obligation	24,248	-
Net Cash Provided (Used) by Financing Activities	23,009	(1,103)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(3,396,857)	2,259,327
Cash and Cash Equivalents - Beginning of Year	6,696,364	4,437,037
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,299,507	\$ 6,696,364
REFLECTED ON THE STATEMENTS OF FINANCIAL POSITION AS		
Cash and Cash Equivalents	\$ 1,190,839	\$ 3,338,759
Cash and Cash Equivalents - EMPOWER Campaign	2,108,668	3,357,605
Total Cash and Cash Equivalents	\$ 3,299,507	\$ 6,696,364
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 13,468	\$ 8,739
Equipment Purchased with Capital Lease	35,849	-
Total Supplemental Disclosures	\$ 49,317	\$ 8,739

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, body, 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. The campaign ended successfully during fiscal year 2022.

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.

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 that was released in the fiscal year ended June 30, 2022. The board designated \$1,500,000 for capital reserve after meeting its goals in the EMPOWER Campaign, in the fiscal year ended June 30, 2022.

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, as net assets without donor restrictions.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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

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 \$17,623 and \$1,713 at June 30, 2022 and 2021 respectively. The Organization's accounts receivable are unsecured assets.

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, 2022 and 2021 is \$-0- and \$7,575 respectively the allowance for doubtful capital pledges is \$3,833 and \$80,000 as of June 30, 2022 and 2021 respectively.

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

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Investments

Investments are stated at fair value. The investments consist of both publicly traded investments and interests in various nonpublicly traded investment funds. The nonpublicly traded interests 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.

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

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Early Learning Center fees are recognized the week the school fees are earned. Prepayments of fees for future weeks are recorded as deferred revenue until earned. Fees associated with the Early Learning Center are deferred to the applicable period in which the performance obligation of the fees are met.

Other program services 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 \$31,386 and \$-0- in 2022 and 2021 respectively.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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

In-Kind Contributions (Continued)

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.

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.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Fair Value Measurements (Continued)

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 October 4, 2022, the date the financial statements were available to be issued.

In January 2022, the Organization signed an agreement to build a play structure for an agreed upon price of approximately \$450,000. Construction for the project to begin in fiscal year ending June 30, 2023.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Pledges Receivable:		
Operating	\$ 580,517	\$ 265,727
EMPOWER Campaign	523,333	1,278,336
Subtotal	1,103,850	1,544,063
Allowance for Uncollectible Pledges	(3,833)	(87,454)
Unamortized Discount (3.98% in 2022 and 2.45% in 2021)	(3,752)	(28,994)
Total	<u>\$ 1,096,265</u>	<u>\$ 1,427,615</u>
Amounts Due In:		
Less Than One Year	\$ 1,021,851	\$ 1,021,851
One to Five Years	74,414	405,764
Total	<u>\$ 1,096,265</u>	<u>\$ 1,427,615</u>

NOTE 3 INVESTMENTS

Investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 741,026	\$ 101,638
Common Stocks	694,513	412,196
U.S. Equity Funds	1,143,644	398,119
Internationally Developed Funds	163,589	149,359
Emerging Markets Stocks	68,915	108,726
Taxable Fixed Income	1,599,718	459,872
Extended Fixed Income Funds	82,403	55,468
Long/Short Equity Hedge Funds	-	44,644
Other Investments	218,596	-
Alternative Investments Invested in:		
Special Opportunities Fund	5,707	109,213
Total	<u>\$ 4,718,111</u>	<u>\$ 1,839,235</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, 2022 AND 2021

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:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Special Opportunities Fund	\$ -	\$ -	\$ 5,707	\$ 5,707
Common Stocks	694,513	-	-	694,513
U.S. Equity Funds	1,143,644	-	-	1,143,644
Internationally Developed Funds	163,589	-	-	163,589
Emerging Markets Stocks	68,915	-	-	68,915
Taxable Fixed Income	1,599,718	-	-	1,599,718
Extended Fixed Income Funds	82,403	-	-	82,403
Other Investments	218,596	-	-	218,596
Total	<u>\$ 3,971,378</u>	<u>\$ -</u>	<u>\$ 5,707</u>	<u>\$ 3,977,085</u>

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
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>

The following table provides a summary of changes in the Organization's Level 3 assets for the year ended June 30, 2022:

	Investments			
	Fixed Income Fund	Diversified Equity Fund	Marketable Alternative Fund	Special Opportunities Fund
Balance at Beginning of Year	\$ -	\$ -	\$ -	\$ 109,213
Purchases	-	-	-	-
Unrealized and Realized Gains (Losses)	-	-	-	5,137
Withdrawals	-	-	-	(108,643)
Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,707</u>

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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, 2021:

	Investments			
	Fixed Income Fund	Diversified Equity Fund	Marketable Alternative Fund	Special Opportunities Fund
Balance at Beginning of Year	\$ -	\$ -	\$ -	\$ 168,257
Purchases	-	-	-	-
Unrealized and Realized Gains	-	-	-	32,956
Withdrawals	-	-	-	(92,000)
Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,213</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	Redemption
	2022	2021		Currently Available	Notice Period
Special Opportunities Fund	<u>\$ 5,707</u>	<u>\$ 109,213</u>	<u>\$ -</u>	Annually	6 Months

The unobservable inputs of all 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.

NOTE 5 PROPERTY, EQUIPMENT, AND BUILDINGS

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

	2022	2021
Land	\$ 2,469,701	\$ 2,469,701
Buildings	17,180,892	16,188,102
Furniture and Equipment	432,722	337,237
Office and Computer Equipment	185,015	158,374
Vehicles	290,593	78,898
Construction in Progress	-	1,119,913
Total Property, Equipment, and Buildings	<u>20,558,923</u>	<u>20,352,225</u>
Less: Accumulated Depreciation	<u>(7,407,836)</u>	<u>(6,937,362)</u>
Net Property, Equipment, and Buildings	<u>\$ 13,151,087</u>	<u>\$ 13,414,863</u>

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 PROPERTY, EQUIPMENT, AND BUILDINGS (CONTINUED)

Depreciation expense was \$496,140 and \$421,884 for the years ended June 30, 2022 and 2021, 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 4.75% as of June 30, 2022. 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, 2022 and 2021, \$-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>2022</u>	<u>2021</u>
Solar Panel Capital Lease (a)	\$ 28,419	\$ 29,658
Economic Injury Disaster Loan (b)	150,000	150,000
Vehicle Leases (c)	24,248	-
Current Portion of Long-Term Debt	<u>(17,922)</u>	<u>(4,858)</u>
Total	<u>\$ 184,745</u>	<u>\$ 174,800</u>

- (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) 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 November of 2022. The loan may be repaid at any time with no prepayment penalty.
- (c) During the year ended June 30, 2022, the Organization entered into two vehicle leases that qualify as capital leases. Monthly payments on the leases are \$551 and \$535 through January 1, 2025.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

Current maturities of long-term debt at June 30, 2022 are due as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 17,922
2024	16,244
2025	5,172
2026	5,319
2027	5,471
Thereafter	152,539
Total Debt Payments	<u>\$ 202,667</u>

Leased property under capital leases at June 30 includes the following:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 35,849	\$ -
Solar Lease	31,740	31,740
Subtotal	<u>67,589</u>	<u>31,740</u>
Less: Accumulated Amortization	12,896	2,774
Total	<u>\$ 54,693</u>	<u>\$ 28,966</u>

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 \$30,239 and \$25,568 during the years ended June 30, 2022 and 2021, respectively.

NOTE 9 RENTAL INCOME

The Organization leases space in buildings it owns under various lease arrangements. Rental income was \$103,104 and \$69,047 during the years ended June 30, 2022 and 2021, 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 IN-KIND

The Organization signed a one-year agreement on July 31, 2020, with Loaves and Fishes Too to rent their kitchen space for \$1 per year in exchange Loaves and Fishes Too provides food and food services to the Organization's programs. This agreement was renewed on July 31, 2021 through July 31, 2022. Total value of the Kitchen Space Rental was \$32,288 and Food Orders valued at \$31,386 for the year ended June 30, 2022.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Restrictions Temporary in Nature:		
Time Restriction	\$ 2,052	\$ 25,000
Farm and Nutrition	605,000	200,000
EMPOWER Campaign - Early Learning Center	2,443,344	2,637,843
EMPOWER Campaign - Capital and Program Expansion	1,038,134	2,601,400
Emergency Response	56,055	54,172
Literacy Grant	25,000	-
Technology Grant	150,000	-
Other	25,000	27,687
Total	<u>4,344,585</u>	<u>5,546,102</u>
Endowments:		
General Endowment	<u>994,666</u>	<u>433,514</u>
Total Net Assets with Donor Restrictions	<u>\$ 5,339,251</u>	<u>\$ 5,979,616</u>

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

	<u>2022</u>	<u>2021</u>
Purpose Releases	\$ 2,534,939	\$ 2,720,976
Donor Approved Release	25,000	532,500
Appropriations from Endowment Funds	-	191,800
Total	<u>\$ 2,559,939</u>	<u>3445276</u>

NOTE 12 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, 2022 and 2021 are disclosed in the following table and were \$5,334 and \$566,486, respectively. These deficiencies resulted from approved appropriations in excess of accumulated earnings in prior years. The fund was replenished during the fiscal year 2022.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 ENDOWMENT FUNDS (CONTINUED)

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

	2022		
	Without Restrictions	With Restrictions	Total
Board-Designated Endowment Funds	\$ -	\$ -	\$ -
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	-	(5,334)	(5,334)
Total Endowment Funds	<u>\$ -</u>	<u>\$ 994,666</u>	<u>\$ 994,666</u>
	2021		
	Without Restrictions	With Restrictions	Total
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>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments - July 1, 2021	\$ 460,762	\$ 433,514	\$ 894,276
Contributions	-	-	-
Appropriation of Endowment Assets for Expenditures	-	-	-
Realized and Unrealized Gains on Investments Appreciation	-	(5,334)	(5,334)
Transfers	(460,762)	566,486	105,724
Endowments - June 30, 2022	<u>\$ -</u>	<u>\$ 994,666</u>	<u>\$ 994,666</u>
	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	-	-	-
Endowments - June 30, 2021	<u>\$ 460,762</u>	<u>\$ 433,514</u>	<u>\$ 894,276</u>

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 12 ENDOWMENT FUNDS (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 preservation and risk control.

The Organization uses 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 preserve capital 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 13 MAJOR CONTRIBUTORS

The ten largest donors/funders accounted for 47% and 48% of total contributions and grants for the years ended June 30, 2022 and 2021, 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 74% and 76% of campaign revenues during 2022 and 2021, respectively. The top five donors of all other contributions and grants contributed 38% and 24% during 2022 and 2021, respectively.

Three donors/funders accounted for 97% and 89% of pledges receivable for the years ended June 30, 2022 and 2021, respectively. Further, this concentration is split between EMPOWER Campaign pledges receivable and operating pledges receivable. Three donors comprise 100% and 89% of EMPOWER Campaign pledges receivable at June 30, 2022 and 2021, respectively. Three donors comprise 95% and 99% of operating pledges and grants receivable as of June 30, 2022 and 2021, respectively.

The Organization received \$61,071 and \$147,000 of contributions through the generosity of board members during the years ended June 30, 2022 and 2021, respectively.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 14 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:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 3,299,507	\$ 6,696,364
Accounts Receivable	89,377	87,438
Pledges Receivable	1,021,851	1,021,851
Investments	4,718,111	1,839,235
Less: Donor-Imposed Restrictions	(5,339,251)	(5,979,616)
Less: Board Designated Restrictions	(1,500,000)	-
Total	<u>\$ 2,289,595</u>	<u>\$ 3,665,272</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 space, 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.



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