

URBAN VENTURES LEADERSHIP FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

**URBAN VENTURES LEADERSHIP FOUNDATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

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



INDEPENDENT AUDITORS' REPORT

Board of Directors
Urban Ventures Leadership Foundation
Minneapolis, Minnesota

We have audited the accompanying financial statements of Urban Ventures Leadership Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Urban Ventures Leadership Foundation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Ventures Leadership Foundation as of June 30, 2020 and 2019, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 21, 2021

URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,083,370	\$ 493,280
Cash and Cash Equivalents - EMPOWER Campaign	1,479,457	895,766
Pledges Receivable Operating, Net	1,932,500	515,414
Pledges Receivable - EMPOWER Campaign, Net	1,410,666	1,129,333
Accounts Receivable, Net	103,202	130,340
Prepaid Expenses	53,512	24,750
Total Current Assets	7,062,707	3,188,883
PROPERTY, EQUIPMENT, AND BUILDINGS	13,224,305	13,158,548
OTHER ASSETS		
Pledges Receivable Operating, Net	-	476,894
Pledges Receivable - EMPOWER Campaign, Net	721,136	658,271
Endowment Fund Investments	1,426,579	1,548,675
Other Investments	56,677	338
Total Other Assets	2,204,392	2,684,178
Total Assets	\$ 22,491,404	\$ 19,031,609
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	\$ -	\$ 230,000
Accounts Payable	128,818	86,280
Accrued Expenses	339,033	163,441
Current Portion of Long-Term Debt and Capital Leases	276,125	38,465
Total Current Liabilities	743,976	518,186
LONG-TERM LIABILITIES		
Long-Term Debt and Capital Leases	515,136	7,687
Total Liabilities	1,259,112	525,873
NET ASSETS		
Without Donor Restrictions	14,321,225	13,678,204
With Donor Restrictions	6,911,067	4,827,532
Total Net Assets	21,232,292	18,505,736
Total Liabilities and Net Assets	\$ 22,491,404	\$ 19,031,609

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions and Grants	\$ 2,730,978	\$ 1,148,010	\$ 3,878,988	\$ 2,702,870	\$ 1,288,629	\$ 3,991,499
Contributions - EMPOWER Campaign	-	1,842,084	1,842,084	-	3,285,333	3,285,333
Contributions - Emergency Response	565,713	629,357	1,195,070	-	-	-
Program Service Fees	88,415	-	88,415	183,857	-	183,857
Rental Income	148,432	-	148,432	176,248	-	176,248
Special Event Revenue	-	-	-	80,773	-	80,773
Investment Income	26,165	986	27,151	23,211	19,862	43,073
Other Income	19,093	-	19,093	6,238	-	6,238
CityKid Java Revenue	70,925	-	70,925	103,662	-	103,662
Net Assets Released from Restriction	1,536,902	(1,536,902)	-	1,199,366	(1,199,366)	-
Total Support and Revenue	<u>5,186,623</u>	<u>2,083,535</u>	<u>7,270,158</u>	<u>4,476,225</u>	<u>3,394,458</u>	<u>7,870,683</u>
EXPENSES						
Program Services:						
Youth Services	845,197	-	845,197	1,002,759	-	1,002,759
Education and Literacy	443,364	-	443,364	563,015	-	563,015
Family Programming	663,783	-	663,783	773,851	-	773,851
Farm and Nutrition	480,346	-	480,346	456,057	-	456,057
Program Services	732,926	-	732,926	629,234	-	629,234
Total Program Services	<u>3,165,616</u>	<u>-</u>	<u>3,165,616</u>	<u>3,424,916</u>	<u>-</u>	<u>3,424,916</u>
Supporting Services:						
Administration	700,310	-	700,310	713,575	-	713,575
Fundraising	677,676	-	677,676	808,870	-	808,870
Total Supporting Services	<u>1,377,986</u>	<u>-</u>	<u>1,377,986</u>	<u>1,522,445</u>	<u>-</u>	<u>1,522,445</u>
Total Expenses	<u>4,543,602</u>	<u>-</u>	<u>4,543,602</u>	<u>4,947,361</u>	<u>-</u>	<u>4,947,361</u>
CHANGE IN NET ASSETS	643,021	2,083,535	2,726,556	(471,136)	3,394,458	2,923,322
Net Assets - Beginning of Year	<u>13,678,204</u>	<u>4,827,532</u>	<u>18,505,736</u>	<u>14,149,340</u>	<u>1,433,074</u>	<u>15,582,414</u>
NET ASSETS - END OF YEAR	<u>\$ 14,321,225</u>	<u>\$ 6,911,067</u>	<u>\$ 21,232,292</u>	<u>\$ 13,678,204</u>	<u>\$ 4,827,532</u>	<u>\$ 18,505,736</u>

See accompanying Notes to Financial Statements.

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

	Program					Support			Total 2020	
	Youth Service	Education and Literacy	Family Programming	Farm and Nutrition	Program Services	Total Program	Administration	Fundraising		Total Support
Salaries	\$ 336,915	\$ 174,367	\$ 265,679	\$ 218,399	\$ 165,605	\$ 1,160,965	\$ 300,051	\$ 259,393	\$ 559,444	\$ 1,720,409
Benefits	82,035	45,238	70,452	72,853	42,247	312,825	130,590	62,839	193,429	506,254
Total Payroll	418,950	219,605	336,131	291,252	207,852	1,473,790	430,641	322,232	752,873	2,226,663
Cost of Goods Sold	-	-	-	-	-	-	-	14,342	14,342	14,342
Employee Development,										
Appreciation and Conferences	1,450	657	88	79	998	3,272	175	568	743	4,015
Employee Mileage and Travel	8,870	2,233	331	2,191	51	13,676	470	106	576	14,252
Professional Fees	52,964	7,370	72,193	-	1,129	133,656	74,446	1,310	75,756	209,412
Purchased Services	84,188	72,325	44,642	22,329	6,251	229,735	9,149	168,600	177,749	407,484
Food	5,156	7,863	11,022	9,107	3,236	36,384	4,039	945	4,984	41,368
Entry Fees	33,798	1,700	-	-	-	35,498	-	-	-	35,498
Printing	871	414	571	2,292	-	4,148	-	1,501	1,501	5,649
Supplies	18,620	4,361	3,749	6,711	4,746	38,187	5,410	3,119	8,529	46,716
Vehicle Operations	1,098	636	771	4,234	385	7,124	626	597	1,223	8,347
Telephone	333	193	234	782	117	1,659	5,168	181	5,349	7,008
Dues, Fees, Subscriptions	6,510	4,284	4,283	4,723	3,906	23,706	44,711	36,880	81,591	105,297
Postage and Shipping	-	-	-	-	-	-	1,085	3,113	4,198	4,198
Insurance	23,990	13,889	16,835	19,104	8,418	82,236	13,679	13,047	26,726	108,962
Occupancy	13,889	8,041	9,747	8,850	4,873	45,400	7,919	7,554	15,473	60,873
Lake and 4th Building Expense	48,671	28,178	34,155	30,739	17,077	158,820	27,751	26,470	54,221	213,041
Other Expense	11,442	2,634	46,001	2,024	21,496	83,597	6,876	9,793	16,669	100,266
Rents and Leases	-	2,751	2,751	1,424	2,751	9,677	2,783	1,375	4,158	13,835
Equipment Expense	852	494	598	2,087	299	4,330	642	4,191	4,833	9,163
Buildings Expense	4,167	2,412	2,924	3,337	1,462	14,302	2,376	2,266	4,642	18,944
Major Buildings Expense	6,112	3,538	4,289	3,860	2,145	19,944	3,485	3,324	6,809	26,753
Interest Expense	2,096	1,214	1,471	1,324	736	6,841	1,194	1,140	2,334	9,175
Depreciation	101,170	58,572	70,997	63,897	35,498	330,134	57,685	55,022	112,707	442,841
Emergency Response Grants	-	-	-	-	409,500	409,500	-	-	-	409,500
Total Other Expense	426,247	223,759	327,652	189,094	525,074	1,691,826	269,669	355,444	625,113	2,316,939
Total Expense	\$ 845,197	\$ 443,364	\$ 663,783	\$ 480,346	\$ 732,926	\$ 3,165,616	\$ 700,310	\$ 677,676	\$ 1,377,986	\$ 4,543,602

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	Program					Support			Total 2019	
	Youth Service	Education and Literacy	Family Programming	Farm and Nutrition	Program Services	Total Program	Administration	Fundraising		Total Support
Salaries	\$ 439,128	\$ 322,726	\$ 366,506	\$ 265,241	\$ 295,536	\$ 1,689,137	\$ 358,580	\$ 394,546	\$ 753,126	\$ 2,442,263
Benefits	90,847	53,708	84,855	56,199	63,880	349,489	76,672	69,839	146,511	496,000
Total Payroll	529,975	376,434	451,361	321,440	359,416	2,038,626	435,252	464,385	899,637	2,938,263
Cost of Goods Sold	-	-	-	-	19,547	19,547	-	-	-	19,547
Employee Development,										
Appreciation and Conferences	6,977	75	-	581	1,946	9,579	23,112	-	23,112	32,691
Employee Mileage and Travel	14,008	4,196	55	132	2,677	21,068	3,946	330	4,276	25,344
Professional Fees	62,565	16,498	48,214	923	2,264	130,464	46,687	353	47,040	177,504
Purchased Services	64,348	27,603	6,159	21,273	4,113	123,496	13,411	120,385	133,796	257,292
Food	17,365	4,942	7,930	10,278	12,775	53,290	7,243	5,133	12,376	65,666
Entry Fees	71,124	5,802	-	-	-	76,926	-	-	-	76,926
Printing	2,091	644	2,134	1,053	17,796	23,718	10,517	11,333	21,850	45,568
Supplies	41,311	16,109	8,198	4,306	8,178	78,102	5,647	6,460	12,107	90,209
Vehicle Operations	1,681	924	1,991	1,988	570	7,154	865	1,170	2,035	9,189
Telephone	981	559	1,205	840	345	3,930	3,245	812	4,057	7,987
Dues, Fees, Subscriptions	2,215	1,267	1,869	1,121	13,817	20,289	54,612	12,202	66,814	87,103
Postage and Shipping	8	4	10	3	6,925	6,950	544	-	544	7,494
Insurance	20,357	11,592	24,992	13,135	7,153	77,229	10,850	14,682	25,532	102,761
Occupancy	15,272	8,696	18,749	6,516	5,367	54,600	8,139	11,014	19,153	73,753
Lake and 4th Building Expense	50,953	29,014	62,553	21,719	17,904	182,143	27,156	36,748	63,904	246,047
Other Expense	4,740	1,449	14,785	2,739	91,850	115,563	5,551	54,016	59,567	175,130
Rents and Leases	118	2,160	4,968	1,903	3,045	12,194	3,892	-	3,892	16,086
Equipment Expense	153	87	188	987	377	1,792	1,466	238	1,704	3,496
Buildings Expense	3,262	1,858	4,005	2,735	1,147	13,007	1,738	2,353	4,091	17,098
Interest Expense	-	-	-	2,634	19,255	21,889	-	-	-	21,889
Depreciation	93,255	53,102	114,485	39,751	32,767	333,360	49,702	67,256	116,958	450,318
Total Other Expense	472,784	186,581	322,490	134,617	269,818	1,386,290	278,323	344,485	622,808	2,009,098
Total Expense	\$ 1,002,759	\$ 563,015	\$ 773,851	\$ 456,057	\$ 629,234	\$ 3,424,916	\$ 713,575	\$ 808,870	\$ 1,522,445	\$ 4,947,361

See accompanying Notes to Financial Statements.

URBAN VENTURES LEADERSHIP FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,726,556	\$ 2,923,322
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	442,841	450,318
Bad Debt Expense	2,508	-
Investment Income	(27,151)	(32,944)
Change in Operating Assets and Liabilities:		
Pledges Receivable	(1,286,898)	(2,704,912)
Accounts Receivable	27,138	(32,493)
Prepaid Expenses	(28,762)	(24,750)
Accounts Payable	42,538	21,716
Accrued Expenses	175,592	(11,946)
Net Cash Provided by Operating Activities	2,074,362	588,311
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(533,912)	(60,680)
Proceeds from the Sale of Property and Equipment	25,314	-
Purchase of Other Investments	(56,339)	-
Purchase of Endowment Fund Investments	(1,256,339)	(621,005)
Proceeds from the Sale of Endowment Fund Investments	1,405,586	1,241,333
Net Cash Provided (Used) by Investing Activities	(415,690)	559,648
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change in Line of Credit	(230,000)	130,000
Proceeds of Long-Term Debt	760,400	-
Repayment of Long-Term Debt	(15,291)	(37,667)
Net Cash Provided by Financing Activities	515,109	92,333
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,173,781	1,240,292
Cash and Cash Equivalents - Beginning of Year	1,389,046	148,754
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,562,827	\$ 1,389,046
Reflected on the Statement of Financial Position as		
Cash and Cash Equivalents	\$ 2,083,370	\$ 493,280
Cash and Cash Equivalents - EMPOWER Campaign	1,479,457	895,766
Total Cash and Cash Equivalents	\$ 3,562,827	\$ 1,389,046
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 9,175	\$ 19,255

See accompanying Notes to Financial Statements.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Program Services

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

EMPOWER Fundraising Campaign

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

Corona Virus (COVID-19) Pandemic

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

Unrest in Minneapolis

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

Basis of Accounting

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

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Basis of Presentation

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

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

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

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

Cash and Cash Equivalents

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

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

Accounts Receivable

The Organization analyzes their receivables and records an allowance that management believes will reserve for possible losses on existing receivables that may become uncollectible. Management takes into consideration factors such as the collectability of the accounts, prior loss experience, current economic conditions, and the age of the receivable balance. An account is considered uncollectible when all collection efforts have failed. The allowance for uncollectible accounts was \$1,713 at June 30, 2020 and 2019. The Organization's accounts receivable are unsecured assets.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Pledges Receivable

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional pledges (those with a measurable performance or other barrier and a right of return or release), including pending bequests, are not included as support until such time as the conditions are substantially met. Management provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful operating pledges as of June 30, 2020 and 2019 is \$7,575 and \$5,067, respectively and the allowance for doubtful capital pledges is \$80,000 as of both June 30, 2020 and 2019.

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 to 10 Years

Endowment Fund Investments

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

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

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Funds Held by Others

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

Revenue Recognition

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

In-Kind Contributions

Accounting principles generally accepted in the United States of America (GAAP) require that only contributions of service received that create or enhance a nonfinancial asset or require specialized skill by an individual possessing those skills and would typically need to be purchased if not provided by donation, be recorded. In-kind contributions were \$-0- in 2020 and 2019.

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

Allocation of Functional Expenses

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

Use of Estimates

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

Tax Status

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

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

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Fair Value Measurements

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

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

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

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

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

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

Change in Accounting Principle

In June 2018, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The update clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in the update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contributions is conditional. The Organization's financial statements reflect the application of ASU 2018-08 guidance beginning in fiscal year 2020. The adoption of ASU 2018-08 did not impact the Organization's reported revenue or expenses.

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

Change in Accounting Principle (Continued)

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization had a modified retrospective adoption to the ASU beginning in fiscal year 2020. The adoption of Topic 606 did not impact the Organization's reported revenue.

Reclassifications

Certain reclassifications have been made to the prior year 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 financial statements through February 21, 2021, the date the financial statements were available to be issued.

Subsequent to year-end, the Organization sold a piece of land for \$35,000. The sale resulted in a \$15,000 loss to the Organization.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Pledges Receivable:		
Operating	\$ 1,932,500	\$ 1,023,747
EMPOWER Campaign	<u>2,243,333</u>	<u>1,908,000</u>
Subtotal	4,175,833	2,931,747
Allowance for Uncollectible Pledges	(87,575)	(85,067)
Unamortized Discount (2.7%)	<u>(23,956)</u>	<u>(66,768)</u>
Total	<u>\$ 4,064,302</u>	<u>\$ 2,779,912</u>
Amounts Due In:		
Less Than One Year	\$ 3,343,166	\$ 1,644,747
One to Five Years	721,136	1,135,165
Total	<u>\$ 4,064,302</u>	<u>\$ 2,779,912</u>

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 ENDOWMENT FUND INVESTMENTS

Endowment Fund Investments consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash	\$ 91,886	\$ -
Common Stocks	292,381	-
U.S. Equity Funds	247,022	-
Internationally Developed Funds	100,285	-
Emerging Markets Stocks	65,437	-
Taxable Fixed Income	449,994	-
Extended Fixed Income Funds	32,475	-
Long/Short Equity Hedge Funds	35,519	-
Other Investments	-	338
Alternative Investments Invested in:		
Fixed Income Funds	-	129,724
Diversified Equity Fund	-	811,100
Marketable Alternative Fund	-	420,532
Special Opportunities Fund	168,257	187,319
Total	<u>\$ 1,483,256</u>	<u>\$ 1,549,013</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, 2020 AND 2019

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

<u>June 30, 2020</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Endowment Fund Investments:				
Fixed Income Fund	\$ -	\$ -	\$ -	\$ -
Diversified Equity Fund	-	-	-	-
Marketable Alternative Fund	-	-	-	-
Special Opportunities Fund	-	-	168,257	168,257
Common Stocks	292,381	-	-	292,381
U.S. Equity Funds	247,022	-	-	247,022
Internationally Developed Funds	100,285	-	-	100,285
Emerging Markets Stocks	65,437	-	-	65,437
Taxable Fixed Income	449,994	-	-	449,994
Extended Fixed Income Funds	32,475	-	-	32,475
Long/Short Equity Hedge Funds	35,519	-	-	35,519
Total	<u>\$ 1,223,113</u>	<u>\$ -</u>	<u>\$ 168,257</u>	<u>\$ 1,391,370</u>
<u>June 30, 2019</u>				
Endowment Fund Investments:				
Fixed Income Fund	\$ -	\$ -	\$ 129,724	\$ 129,724
Diversified Equity Fund	-	-	811,100	811,100
Marketable Alternative Fund	-	-	420,532	420,532
Special Opportunities Fund	-	-	187,319	187,319
Other Investments	338	-	-	338
Total	<u>\$ 338</u>	<u>\$ -</u>	<u>\$ 1,548,675</u>	<u>\$ 1,549,013</u>

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

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

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2019:

	Endowment Fund Investments			
	Fixed Income Fund	Diversified Equity Fund	Marketable Alternative Fund	Special Opportunities Fund
Balance at Beginning of Year	\$ 173,846	\$ 1,115,462	\$ 585,625	\$ 261,464
Purchases	-	-	-	-
Unrealized and Realized Gains	9,178	28,704	(593)	(4,345)
Withdrawals	(53,300)	(333,066)	(164,500)	(69,800)
Balance at End of Year	<u>\$ 129,724</u>	<u>\$ 811,100</u>	<u>\$ 420,532</u>	<u>\$ 187,319</u>

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

	Net Asset Value		Unfunded Commitments	Redemption Frequency if Currently Available	Redemption Notice Period
	2020	2019			
Endowment Fund Investments:					
Fixed Income Fund	\$ -	\$ 129,724	\$ -	Quarterly	30 Days
Diversified Equity Fund	-	811,100	-	Quarterly	30 Days
Marketable Alternative Fund	-	420,532	-	Quarterly	6 Months
Special Opportunities Fund	168,257	187,319	-	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.

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.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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:

	2020	2019
Land	\$ 2,545,007	\$ 2,545,007
Buildings	17,034,564	16,773,231
Furniture and Equipment	337,756	317,852
Office and Computer Equipment	1,343,602	1,343,602
Vehicles	78,898	129,898
Construction in Progress	286,264	33,590
Total Property, Equipment, and Buildings	21,626,091	21,143,180
Less: Accumulated Depreciation	(8,401,786)	(7,984,632)
Net Property, Equipment, and Buildings	\$ 13,224,305	\$ 13,158,548

Depreciation expense was \$442,841 and \$450,318 for the years ended June 30, 2020 and 2019, respectively. Included in land and buildings is approximately 50% of the total cost of the Colin Powell Center. The Organization has a joint agreement with Twin Cities Jesuit High School where each entity is a 50% owner of the building and land.

NOTE 6 LINE OF CREDIT

The Organization has a \$700,000 revolving line of credit with a variable rate of interest (one month LIBOR rate plus 3%), which was 3.18% as of June 30, 2020 and 2019. 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, 2020 and 2019, \$-0- and \$230,000, respectively, was owed.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 7 LONG-TERM DEBT AND CAPITAL LEASES

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

<u>Description</u>	<u>2020</u>	<u>2019</u>
Note payable - bank, with monthly payments of \$3,447 including variable interest, which was 5.75% at June 30, 2019 and is due August 2020.	\$ -	\$ 46,152
Solar Panel Capital Lease (a)	30,861	-
Paycheck Protection Program Loan (b)	610,500	-
Economic Injury Disaster Loan (c)	149,900	-
Current Portion of Long-Term Debt	(276,125)	(38,465)
Total	<u>\$ 515,136</u>	<u>\$ 7,687</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) In April 2020, the Organization received a loan in the amount of \$610,500 to fund payroll, rent and utilities through the federal Paycheck Protection Program. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and is due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP loan bears interest at a fixed rate of 1% per annum with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP loan is not forgiven, the Organization will be required to pay interest on the PPP loan at a rate of 1% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022. Payments due in the year ending June 30, 2021 and June 30, 2022 would be \$271,333 and \$339,167, respectively.
- (c) In April 2020, the Organization received a loan in the amount of \$149,900 as part of the Economic Injury Disaster Loan program through the SBA. The loan bears interest at 2.75% and has a 30 year term, being due in April 2050. Monthly principal payments of \$431 will begin in April 2021.

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Current maturities of long-term debt at June 30, 2020 are due as follows:

<u>Year Ending June 30.</u>	<u>Amount</u>
2021	\$ 276,125
2022	344,025
2023	5,038
2024	5,222
2025	5,414
Thereafter	155,437
Total Debt Payments	<u>\$ 791,261</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 \$23,726 and \$25,751 during the years ended June 30, 2020 and 2019, respectively.

NOTE 9 RENTAL INCOME

The Organization leases space in buildings it owns under various lease arrangements. Rental income was \$148,432 and \$176,248 during the years ended June 30, 2020 and 2019, respectively. Leases mature at various times with most being month-to-month agreements and include ad-hoc leases for sports tournaments and event usage.

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Restrictions Temporary in Nature:		
Time Restriction	\$ 617,500	\$ 1,148,629
Literacy Grant	-	148,668
Farm & Nutrition	400,000	-
EMPOWER Campaign - Early Learning Center	2,545,783	1,600,000
EMPOWER Campaign - Capital and Program Expansion	2,448,380	1,585,333
Emergency Response	624,357	-
Other	8,654	5,000
Total	<u>6,644,674</u>	<u>4,487,630</u>
Endowments:		
General Endowment	<u>266,393</u>	<u>339,902</u>
Total Net Assets with Donor Restrictions	<u>\$ 6,911,067</u>	<u>\$ 4,827,532</u>

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	2020	2019
Purpose Releases	\$ 1,462,407	\$ 731,332
Donor Approved Release	-	395,282
Appropriations from Endowment Funds	74,495	72,752
Total	\$ 1,536,902	\$ 1,199,366

During the year ended June 30, 2019, the Organization contacted donors who had previously gifted funds to be maintained in perpetuity. These conversations resulted in donors releasing \$500,000 out of an endowment fund and into a restriction that is temporary in nature and releasing \$395,282 into without donor restriction to be used at the Organization's discretion.

NOTE 11 ENDOWMENT FUNDS

The endowment funds consist of gifts restricted by donors that have stipulated the funds be held in perpetuity and are subject to Minnesota's Uniform Prudent Management of Institutional Funds Act (UPMIFA) and amounts designated by the board. The Organization has established the endowment funds to provide for ongoing funding for their programs. The annual distribution policy allows distributions to be made available to operations equal to 5% of the average market value. Underwater funds as of June 30, 2020 and 2019 are disclosed in the following table and were \$733,607 and \$660,098, respectively. These deficiencies resulted from approved appropriations in excess of accumulated earnings. During the year ended June 30, 2019, the Organization's board of directors approved an additional distribution from the board-designated endowment funds of \$500,000.

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

	2020		
	Without Restrictions	With Restrictions	Total
Board-Designated Endowment Funds	\$ 278,659	\$ -	\$ 278,659
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	-	1,000,000	1,000,000
Accumulated Investment Losses	-	(733,607)	(733,607)
Total Endowment Funds	\$ 278,659	\$ 266,393	\$ 545,052

URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 ENDOWMENT FUNDS (CONTINUED)

	2019		Total
	Without Restrictions	With Restrictions	
Board-Designated Endowment Funds	\$ 313,491	\$ -	\$ 313,491
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	-	(660,098)	(660,098)
Total Endowment Funds	<u>\$ 313,491</u>	<u>\$ 339,902</u>	<u>\$ 653,393</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, 2019	\$ 313,491	\$ 339,902
Appropriation of Endowment Assets for Expenditures	(35,742)	(74,495)	(110,237)
Realized and Unrealized Gains on Investments Appreciation	910	986	1,896
Endowments - June 30, 2020	<u>\$ 278,659</u>	<u>\$ 266,393</u>	<u>\$ 545,052</u>

	Without Donor Restrictions	With Donor Restrictions	Total
	Endowments - July 1, 2018	\$ 848,323	\$ 1,288,074
Appropriation of Endowment Assets for Expenditures	(547,914)	(72,752)	(620,666)
Realized and Unrealized Gains on Investments Appreciation	13,082	19,862	32,944
Endowments - June 30, 2019	<u>\$ 313,491</u>	<u>\$ 339,902</u>	<u>\$ 653,393</u>

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

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

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

**URBAN VENTURES LEADERSHIP FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 12 MAJOR CONTRIBUTORS

Six and two donors/funders accounted for 51% and 56% of total contributions and grants for the years ended June 30, 2020 and 2019, 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 90% and 100% of campaign revenues during 2020 and 2019 respectively. The top five donors of all other contributions and grants contributed 44% and 60% during 2020 and 2019 respectively.

Five and three donors/funders accounted for 88% and 97% of pledges receivable for the years ended June 30, 2020 and 2019, respectively. Further, this concentration is split between EMPOWER Campaign pledges receivable and operating pledges receivable. Three donors comprise 79% and 96% of EMPOWER Campaign pledges receivable at June 30, 2020 and 2019 respectively. Three donors comprise 97% of operating pledges and grants receivable as of June 30, 2020 and 98% of operating pledges receivable came from one donor on June 30, 2019.

The Organization received \$144,105 and \$162,015 of contributions through the generosity of board members during the years ended June 30, 2020 and 2019, respectively.

NOTE 13 LIQUIDITY AND AVAILABILITY

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

	2020	2019
Cash and Cash Equivalents	\$ 2,038,199	\$ 341,666
Accounts Receivable	103,202	130,340
Pledges Receivable Operating	1,932,500	515,414
Investments - Next Year's Draw	-	124,684
Total	\$ 4,073,901	\$ 1,112,104

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

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