

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

**COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
AUGUST 31, 2024 AND 2023**

URBAN YOUTH IMPACT, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Urban Youth Impact, Inc.
West Palm Beach, FL

Opinion

We have audited the accompanying combined financial statements of Urban Youth Impact, Inc. (a nonprofit organization) and Affiliate (the Organization) which comprise the combined statements of financial position as of August 31, 2024 and 2023 and the related combined statements of activities, 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 Youth Impact, Inc. and Affiliate as of August 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Divine, Blalock, Martin & Sellari, LLC

DIVINE, BLALOCK, MARTIN & SELLARI, LLC

**West Palm Beach, Florida
January 15, 2025**

URBAN YOUTH IMPACT, INC.
COMBINED STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2024 AND 2023

	Assets	
	2024	2023
Current Assets		
Cash and cash equivalents	\$ 624,477	\$ 289,892
Investments	728,930	521,109
Unconditional promise to give	-	5,036
Prepaid expenses and other assets	2,027	2,027
Total Current Assets	1,355,434	818,064
Right of use asset	60,368	63,974
Property and equipment, net	7,905,559	6,759,238
Total Assets	<u>\$ 9,321,361</u>	<u>\$ 7,641,276</u>
	Liabilities and Net Assets	
Current Liabilities		
Accounts payable	\$ 229,331	\$ 39,719
Accrued expenses	81,919	112,894
Line of credit	173,264	151,230
Lease liability - right of use asset - current portion	22,815	20,426
Long-term debt - current portion	4,133	3,815
Total Current Liabilities	511,462	328,084
Lease liability - right of use asset - net of current portion	33,140	43,548
Long-term debt - net of current portion	6,322	10,993
Total Liabilities	550,924	382,625
Net Assets		
Without donor restrictions	8,255,293	6,694,444
With donor restrictions	515,144	564,207
Total Net Assets	<u>8,770,437</u>	<u>7,258,651</u>
Total Liabilities and Net Assets	<u>\$ 9,321,361</u>	<u>\$ 7,641,276</u>

The accompanying notes are an integral part of these financial statements.

URBAN YOUTH IMPACT, INC.
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	985,225	\$ 1,526,550	\$ 2,511,775
Grants & foundations	1,681,653	-	1,681,653
Special events, net	309,912	-	309,912
Investment income	105,554	-	105,554
Contribution of nonfinancial assets	191,231	-	191,231
Other income	148	-	148
Net assets released from restriction	1,575,613	(1,575,613)	-
Total Revenues	4,849,336	(49,063)	4,800,273
Expenses			
Program services	2,726,098	-	2,726,098
Management and general	313,686	-	313,686
Fundraising	248,703	-	248,703
Total Expenses	3,288,487	-	3,288,487
Change in Net Assets	1,560,849	(49,063)	1,511,786
Net Assets, beginning of year	6,694,444	564,207	7,258,651
Net Assets, end of year	\$ 8,255,293	\$ 515,144	\$ 8,770,437

The accompanying notes are an integral part of these financial statements

URBAN YOUTH IMPACT, INC.
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues			
Contributions	1,209,892	\$ 550,000	\$ 1,759,892
Grants & foundations	1,051,125	-	1,051,125
Special events, net	230,809	-	230,809
Investment income	35,626	-	35,626
Contribution of nonfinancial assets	178,950	-	178,950
Other income	112	-	112
Net assets released from restriction	249,037	(249,037)	-
Total Revenues	<u>2,955,551</u>	<u>300,963</u>	<u>3,256,514</u>
Expenses			
Program services	2,873,929	-	2,873,929
Management and general	331,677	-	331,677
Fundraising	274,961	-	274,961
Total Expenses	<u>3,480,567</u>	<u>-</u>	<u>3,480,567</u>
Change in Net Assets	(525,016)	300,963	(224,053)
Net Assets, beginning of year	<u>7,219,460</u>	<u>263,244</u>	<u>7,482,704</u>
Net Assets, end of year	<u><u>\$ 6,694,444</u></u>	<u><u>\$ 564,207</u></u>	<u><u>\$ 7,258,651</u></u>

The accompanying notes are an integral part of these financial statements

URBAN YOUTH IMPACT, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2024

	Program Expenses	Management & General	Fundraising	Total
Admission and activity fees	\$ 12,297	\$ 1,853	\$ 2,695	\$ 16,845
Advertising & promotion	13,140	1,980	2,880	18,000
Bank fees	10,024	1,510	2,197	13,731
Contract labor/consulting	57,071	8,600	12,509	78,180
Depreciation	198,953	37,896	-	236,849
Donations & benevolence	37,989	5,725	8,326	52,040
Dues & subscriptions	17,539	2,643	3,844	24,026
Facilities	176,394	26,580	38,661	241,635
Gifts	23,735	3,577	5,202	32,514
In-kind expenses	78,199	11,783	17,140	107,122
Insurance	126,479	19,059	27,721	173,259
Interest	10,260	1,546	2,249	14,055
License, taxes & permits	2,411	363	528	3,302
Meals & entertainment	34,934	5,264	7,657	47,855
Miscellaneous expenses	1,336	201	293	1,830
Payroll taxes & benefits	274,663	24,969	12,485	312,117
Printing & postage	28,870	4,350	6,328	39,548
Professional services	73,460	11,069	16,101	100,630
Scholarships	195	29	43	267
Software	14,730	2,220	3,229	20,179
Supplies	34,700	5,229	7,605	47,534
Travel & transportaion	1,071	161	235	1,467
Vehicle expenses	15,543	2,342	3,407	21,292
Wages & salaries	1,482,105	134,737	67,368	1,684,210
Total	\$ 2,726,098	\$ 313,686	\$ 248,703	\$ 3,288,487

The accompanying notes are an integral part of these financial statements

URBAN YOUTH IMPACT, INC.
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2023

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

The accompanying notes are an integral part of these financial statements

URBAN YOUTH IMPACT, INC.
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,511,786	\$ (224,053)
Adjustment to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	236,849	214,413
Realized and unrealized (gain) loss on investments	(92,455)	(33,717)
(Increase) decrease in:		
Accounts receivable	5,036	96,831
Right of use assets	3,606	(63,974)
Increase (decrease) in:		
Accounts payable	189,612	8,072
Accrued expenses	(30,975)	38,879
Lease liability	(8,019)	63,974
Net Cash Provided by Operating Activities:	1,815,440	100,425
Cash Flows From Investing Activities:		
Purchases of property and equipment	(1,383,170)	(261,295)
Purchases of investments	(729,885)	(402,703)
Proceeds from the sales of investments	614,519	402,805
Net Cash Used in Investing Activities	(1,498,536)	(261,193)
Cash Flows From Financing Activities:		
Payments on long-term debt	(4,353)	(4,151)
Payments on line of credit	(261,168)	-
Advance on line of credit	283,202	51,126
Net Cash Provided by Financing Activities:	17,681	46,975
Net Increase (Decrease) in Cash and Cash Equivalents	334,585	(113,793)
Cash and Cash Equivalents - beginning of year	289,892	403,685
Cash and Cash Equivalents - end of year	\$ 624,477	\$ 289,892
Additional Supplemental Information		
Interest paid	\$ 14,055	\$ 13,679

The accompanying notes are an integral part of these financial statements

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Urban Youth Impact, Inc. (the "Organization"), located in the West Palm Beach, Florida, is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the code. The Organization was established in 1998 for the purpose of reaching out to inner city youth with the love of Christ; equipping and empowering them to grow as a whole person so that they may have a positive impact on their community.

In August 2021, the Urban Youth Legacy Foundation, Inc. (the "Foundation") was created. The Foundation was specifically established to promote and support the mission, goals and activities of the Organization. The Organization and Foundation (combined hereinafter referred to as "Organization") are presented in these financials on a combined basis.

Basis of accounting

The Organization's combined financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities.

Basis of presentation

Net assets and revenue, expenses, gains and losses are classified as net assets with donor restrictions and net assets without donor restrictions based on the existence or absence, respectively, of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets available for the support of the Organization's operations. The net assets without donor restrictions may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization or the passage of time and net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the earnings on related investments for general or specific purposes.

The amounts for each class of net assets are required to be displayed in a statement of financial position and the amount of the change in each class of net assets are required to be displayed in a statement of activities.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of combination

The combined financial statements of the Organization are comprised of Urban Youth Impact, Inc. and the Urban Youth Legacy Foundation, Inc. The accounts of the Organization and the Foundation are under common control of the Organization's Board of Directors. All inter-organizational balances and significant transactions have been eliminated.

Cash and cash equivalents

Bank deposit accounts are maintained at high credit-facility financial institutions. The Organization considers all demand deposit accounts and liquid investments available for current use with an initial maturity three months or less to be cash equivalents. Money market funds held by the custodian of the mutual funds are considered cash equivalents.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair value in the Combined Statement of Financial Position. Realized gains and losses from security transactions are reported on the specific identification method based on the difference between sales price of the security and its cost basis. Unrealized gains and losses are included in the accompanying Combined Statement of Activities as increases or decreases in net assets.

The Organization manages its investment risk by the ongoing monitoring efforts of a committee of Board members and the employments of an independent professional investment advisor.

Contributions

The Organization recognizes contributions, including promises to give without donor restrictions, as revenue in the period received, at their fair value. Contributions are reported as changes in net assets with or without donor restrictions depending on the existence or absence of donor stipulations that limit the use of the support. The Organization reports gifts of cash and other assets as assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Management believes that the Organization will ultimately collect the entire balance due, therefore no collection allowance has been made for promises to give.

Grants receivable

Grants receivable represent allowable expenditures, which have not yet been reimbursed by the grantor agency. Management believes that the Organization will ultimately collect the entire balance due, therefore no collection allowance has been made for these receivables.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses

The Organization evaluates the collectability of receivables on an ongoing basis to determine whether an allowance for credit losses is necessary. Receivables consist primarily of promises to give and grants receivable. Management reviews historical collection experience, the nature of the receivables, and current economic conditions in assessing the need for an allowance.

As of August 31, 2024, management has concluded that an allowance for credit losses is not necessary. This determination is based on the Organization's historical experience of minimal collection issues, the high credit quality of its donors and grantors, and its belief that all outstanding amounts will ultimately be collected in full.

Management will continue to monitor the collectability of receivables and evaluate the need for an allowance in future periods.

Property and equipment

Property and equipment acquisitions of \$5,000 or more are capitalized while lesser amounts are expensed. Property items received as gifts are recorded at their estimated market value as of the date of the gift. Depreciation of property and equipment is calculated on the straight-line method over the estimated useful lives, as follows:

Buildings and improvements	19-40 years
Furniture, fixtures, and equipment	5-10 years
Computer equipment	3-5 years

Impairment of Long-lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. Long-lived assets and certain intangible assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Income taxes

The Organization qualifies as a tax-exempt organization other than a private foundation, under Section 501(c) (3) of the Internal Revenue Code and therefore, has no provision for federal income taxes. The Organization qualifies as a public charity under the Internal Revenue Code.

The Organization files required income tax returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2020. The Organization has concluded no material uncertain tax positions have been taken on any open tax returns. For the current year the Organization believes all tax positions are fully supportable by existing Federal law and related interpretations and there are no uncertain tax positions to consider.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of credit risk

The Organization maintains its cash in high quality financial institutions and at times may exceed the federal deposit insurance limits. The Organization has not experienced any losses in such accounts and does not believe its cash accounts are exposed to any significant credit risk. At August 31, 2024 and 2023, the deposits with financial institutions exceeded federal deposit insurance by \$251,047 and \$0, respectively.

Special events, net

The Organization conducts special events for the purpose of raising money for operations and for the child care building. For the periods ended August 31, 2024 and 2023, the Organization had special event revenues of \$396,959 and \$310,797 less related expenses of \$87,047 and \$79,989, respectively.

Reclassification

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

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of estimates include, but are not limited to, amounts earned in the reporting period under grant contracts, the estimated value of in-kind services, the allocation of expenses among program and support categories, and useful lives of depreciable assets. Actual results could differ from those estimates.

Functional expenses

The Organization allocates its expenses on a functional basis among its programs and supporting services. Expenses that can be identified with a specific program and supporting service are allocated directly according to their natural expenditure classification in the statement of activities. Other expenses that are common to several functions are allocated by various statistical bases.

Advertising

The Organization uses advertising to promote its programs. Advertising costs are expensed as incurred. Advertising was \$18,000 and \$21,853 for the periods ended August 31, 2024 and 2023, respectively.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases various assets, including facilities, office equipment, and transport assets. Management determines if an arrangement qualifies as a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the accompanying balance sheet.

ROU assets represent the Organization's right to use a leased asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. For leases that do not provide an implicit rate, management uses a risk-free rate based on the information available at the commencement date to determine the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as whether it has obtained substantially all of the rights to the asset through exclusivity, whether it can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and whether the lessor has substantive substitution rights. This evaluation may require significant judgment.

The Organization has elected to apply the short-term lease exemption for leases with a term of 12 months or less. In 2024, the Organization recognized short-term lease costs totaling \$49,510.

In evaluating contracts to determine if they qualify as a lease, management considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Recently Adopted Accounting Pronouncements

In June 2016, the FASS issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements (Continued)

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASS ASC 326 were trade accounts receivable. The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures.

NOTE B – PROPERTY AND EQUIPMENT

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

	<u>2024</u>	<u>2023</u>
Building and improvements	\$ 5,566,681	\$ 5,566,681
Land	1,651,366	1,651,366
Furniture, fixtures and equipment	439,544	385,471
Autos and trucks	233,459	227,459
Construction in progress	<u>2,325,728</u>	<u>1,002,631</u>
Less: accumulated depreciation	<u>(2,311,219)</u>	<u>(2,074,370)</u>
Property and equipment, net	<u><u>\$ 7,905,559</u></u>	<u><u>\$ 6,759,238</u></u>

Depreciation expense for the period ended August 31, 2024 and 2023 was \$236,849 and \$214,413, respectively.

NOTE C – INVESTMENTS

Investments are stated at fair value which is the market value and consists of the following as of August 31, 2024:

	<u>Fair Market Value</u>	<u>Cost</u>
Equities	\$ 519,169	\$ 414,906
Fixed Income	<u>209,761</u>	<u>195,338</u>
	<u><u>\$ 728,930</u></u>	<u><u>\$ 610,244</u></u>

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE C – INVESTMENTS (CONTINUED)

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

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

Investments as of August 31, 2024 and 2023, are classified as unrestricted net assets. Investment return is reported in unrestricted net assets unless specifically restricted and is reported net of investments expenses on the Statement of Activities. The total investment expenses were \$6,289 and \$3,970 for the year ended August 31, 2024 and 2023.

NOTE D – LINE OF CREDIT

On August 10, 2022, The Organization entered into a new revolving line of credit with PNC Bank with a maximum borrowing of \$250,000. Interest shall accrue on the unpaid balance at the rate equal to the Index plus 0.82%. The Index is the Prime Rate set by the Lender from time to time and was 8.5% at August 31, 2024. The outstanding balance of this line as of August 31, 2024 and 2023 was \$173,264 and \$151,230.

NOTE E – NOTE PAYABLE

On January 6, 2021, the Organization entered into a note payable collateralized by certain transportation equipment. The amount financed was \$25,720 with an interest rate of 4.39%. The note payable will be repaid with 72 monthly installments of principal and interest of \$408. The outstanding balance at August 31, 2024 and 2023 was \$10,455 and \$14,808, respectively.

The maturities of long-term debt as of August 31, 2024 are as follows:

	<u>Total</u>
2025	\$ 4,133
2026	4,709
2027	<u>1,613</u>
	<u>\$ 10,455</u>

NOTE F – NET ASSETS

Net assets with donor restrictions include restrictions for specified purposes. For the period ended August 31, 2024 and 2023, net assets were released from donor restrictions by incurring expenses satisfying the stated restrictions.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE F – NET ASSETS (CONTINUED)

Changes in net assets with donor restrictions at August 31, 2024 and for the period then ended consisted of the following:

	August 31, 2023	Contributions	Released	August 31, 2024
Grant Funds	\$ 66,021	\$ -	\$ (46,521)	\$ 19,500
Capital Funds	498,186	1,526,550	(1,529,092)	495,644
	<u>\$ 564,207</u>	<u>\$ 1,526,550</u>	<u>\$ (1,575,613)</u>	<u>\$ 515,144</u>

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

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

During the years ended August 31, 2024, and 2023, the Organization donated \$277,953 and \$212,105, respectively, to the Foundation. These inter-entity transactions were eliminated in the preparation of the combined financial statements to ensure accurate reporting.

NOTE G - FAIR VALUE MEASUREMENTS

The Organization uses a three-tier hierarchy established by the FASB ASC to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

- Level 1: quoted prices in active markets for identical investments.
- Level 2: other significant observable inputs (including quoted prices for similar investments in active markets, interest rates and yield curves, prepayment speeds, credit risks, etc.)
- Level 3: significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments).

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The methods used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

The Organization has no assets classified as Level 2 or Level 3. Level 1 assets include investments in closed end funds and exchange traded products.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE G - FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at August 31, 2024 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>Unrestricted Investments</u>		
Equities	\$ 519,169	\$ 519,169
Fixed Income	209,761	209,761
	<u>\$ 728,930</u>	<u>\$ 728,930</u>

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at August 31, 2023 are as follows:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
<u>Unrestricted Investments</u>		
Equities	\$ 393,458	\$ 393,458
Fixed Income	127,651	127,651
	<u>\$ 521,109</u>	<u>\$ 521,109</u>

NOTE H - RETIREMENT PLAN

The Organization maintains a SIMPLE Individual Retirement Account (IRA) program, which includes an employer matching contribution on employee contributions. Through November 16, 2023, the Organization matched employee contributions up to 3% of the employees' compensation. Effective November 17, 2023, the matching rate was revised to 1%. Employer matching contributions totaled \$7,344 and \$21,686 for the years ended August 31, 2024, and 2023, respectively.

NOTE I - COMMITMENTS AND CONTINGENCIES

Lease commitments

The Organization leases various assets, including facilities, office equipment, and transport assets. These leases have remaining lease terms of approximately 2 to 3 years.

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE I – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease commitments

The components of lease expense were as follows:

<i>For the year ended August 31,</i>	<u>2024</u>
Operating lease cost	<u>\$ 25,752</u>
Short-term lease cost	<u>\$ 49,510</u>

Other information related to leases was as follows:

<i>For the year ended August 31,</i>	<u>2024</u>
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Supplemental Cash Flow Information

Cash paid for amounts included in the measurement of lease liabilities:

Financing cash flows from operating leases	\$ 23,408
Right-of-use assets obtained in exchange for lease obligations	
Operating leases	\$ 15,389
Weighted average remaining lease term	
Operating leases	2.67
Weighted average discount rate	
Operating leases	4.9%

Future minimum lease payments under non-cancellable leases as of August 31, 2024 were as follows:

<i>For the years ending August 31,</i>	
2025	\$ 22,815
2026	22,815
2027	<u>13,958</u>
Total future minimum lease payments	59,588
Less imputed interest	<u>(3,633)</u>
Present value of lease liabilities	<u>\$ 55,955</u>
Current maturities of operating lease liabilities	\$ 22,815
Operating lease liabilities, less current maturities	<u>33,140</u>
Total	<u>\$ 55,955</u>

URBAN YOUTH IMPACT, INC.
NOTES TO THE COMBINED FINANCIAL STATEMENTS
AUGUST 31, 2024 AND 2023

NOTE J – LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general expenditures within one year of the statement of financial position date.

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 624,477	\$ 289,892
Investments	728,930	521,109
Unconditional promise to give	-	5,036
Total financial assets, at year end	<u>1,353,407</u>	<u>816,037</u>
Less those unavailable for general expenditures within one year due to:		
Donor restricted	<u>(515,144)</u>	<u>(564,207)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 838,263</u>	<u>\$ 251,830</u>

As part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE K – CONTRIBUTION OF NONFINANCIAL ASSETS

For years ending August 31, 2024 and 2023, contributions of nonfinancial assets (in-kind contributions) consisted of goods and services which totaled \$191,231 and \$178,950, respectively. Expenses related to the Organization's contributed goods and services are reported in the statement of activities. Contributions of nonfinancial assets are without donor restrictions and recorded at the estimated fair value of services based on the available pricing information for comparable services and the fair value of donated goods based on the donor's listed sales price for such goods.

As of August 31, 2024 and 2023, the Organization received donations of stocks with a fair value of \$74,796 and \$48,227, respectively. All donated stocks were sold by the end of each respective year. The fair value of the donated stocks was determined based on the market value at the date of donation.

NOTE L – SUBSEQUENT EVENTS

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position date, August 31, 2024 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through January 15, 2025, which is the date the financial statements were available to be issued.