

# **UrbanPromise International, Inc.**

Financial Statements

June 30, 2013 and 2012



# UrbanPromise International, Inc.

---

Table of Contents

June 30, 2013 and 2012

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7

## Independent Auditors' Report

Board of Directors  
UrbanPromise International, Inc.

### Report on the Financial Statements

We have audited the accompanying financial statements of UrbanPromise International, Inc. which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows and functional expenses 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 auditor's 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.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UrbanPromise International, Inc. as of June 30, 2013 and 2012, 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.

*Parente Beard LLC*

Philadelphia, Pennsylvania  
February 4, 2014

**UrbanPromise International, Inc.**

## Statement of Financial Position

June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 196,954	\$ 131,980
Contribution receivable	-	37,452
Due from related party	35,185	-
	<u>232,139</u>	<u>-</u>
Total current assets	<u>\$ 232,139</u>	<u>\$ 169,432</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Grants payable	\$ 568	\$ -
Accounts payable and accrued expenses	11,346	6,000
Due to related party	-	50,247
	<u>11,914</u>	<u>56,247</u>
Total current liabilities	<u>11,914</u>	<u>56,247</u>
<b>Net Assets</b>		
Unrestricted	147,408	42,784
Temporarily restricted	72,817	70,401
	<u>220,225</u>	<u>113,185</u>
Total net assets	<u>220,225</u>	<u>113,185</u>
Total liabilities and net assets	<u>\$ 232,139</u>	<u>\$ 169,432</u>

*See notes to financial statements*

**UrbanPromise International, Inc.**

## Statement of Activities

Years Ended June 30, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>						
Grants and contributions	\$ 362,195	\$ 768,971	\$ 1,131,166	\$ 275,122	\$ 729,864	\$ 1,004,986
Other income	-	-	-	3,343	-	3,343
Interest income	582	-	582	467	-	467
Net assets released from restriction	766,555	(766,555)	-	716,824	(716,824)	-
Total revenue and support	1,129,332	2,416	1,131,748	995,756	13,040	1,008,796
<b>Expenses</b>						
Program services	847,092	-	847,092	749,989	-	749,989
Management and general	111,078	-	111,078	124,926	-	124,926
Fundraising	66,537	-	66,537	44,386	-	44,386
Total expenses	1,024,708	-	1,024,708	919,301	-	919,301
Change in net assets	104,624	2,416	107,040	76,455	13,040	89,495
<b>Net Assets, Beginning of Year</b>	42,784	70,401	113,185	(33,671)	57,361	23,690
<b>Net Assets, End of Year</b>	<u>\$ 147,408</u>	<u>\$ 72,817</u>	<u>\$ 220,225</u>	<u>\$ 42,784</u>	<u>\$ 70,401</u>	<u>\$ 113,185</u>

See notes to financial statements

**UrbanPromise International, Inc.**

## Statement of Cash Flows

Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 107,040	\$ 89,495
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in assets and liabilities:		
Contribution receivable	37,452	(3,097)
Grants payable	568	(10,479)
Accounts payable and accrued expenses	5,346	-
Due from/to related party	<u>(85,432)</u>	<u>24,665</u>
Net cash provided by operating activities and increase in cash	64,974	100,584
<b>Cash, Beginning of year</b>	<u>131,980</u>	<u>31,396</u>
<b>Cash, End of year</b>	<u><u>\$ 196,954</u></u>	<u><u>\$ 131,980</u></u>

*See notes to financial statements*

**UrbanPromise International, Inc.**

## Statement of Functional Expenses

Years Ended June 30, 2013 and 2012

	2013				2012			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 108,400	\$ 58,225	\$ 33,000	\$ 199,625	\$ 121,982	\$ 58,243	\$ 20,000	\$ 200,225
Employee benefits	-	-	-	-	256	956	252	1,464
Payroll taxes	12,879	6,987	3,424	23,290	9,887	6,688	1,749	18,324
	<u>121,279</u>	<u>65,212</u>	<u>36,424</u>	<u>222,915</u>	<u>132,125</u>	<u>65,887</u>	<u>22,001</u>	<u>220,013</u>
Grant commitments	537,540	-	-	537,540	399,854	-	-	399,854
Travel and conferences	70,122	-	-	70,122	71,084	-	-	71,084
Direct program expense	42,244	-	-	42,244	49,490	-	-	49,490
Personnel expense	-	-	-	-	28,824	-	-	28,824
Professional services	36,272	19,678	9,643	65,593	25,939	24,774	4,589	55,302
Office expenses	11,669	6,330	3,103	21,101	7,324	4,954	1,295	13,573
Equipment rental	130	71	35	236	3,030	2,050	536	5,616
Insurance	7,179	3,895	1,909	12,982	12,416	8,399	2,196	23,011
Miscellaneous	-	4,685	-	4,685	-	5,397	-	5,397
Direct fundraising expenses	-	-	9,932	9,932	-	-	10,248	10,248
Telephone	2,137	1,160	568	3,865	2,487	1,683	440	4,610
Postage and delivery	2,532	1,374	673	4,579	5,009	3,389	886	9,284
Occupancy	15,989	8,674	4,251	28,914	12,407	8,393	2,195	22,995
	<u>725,813</u>	<u>45,866</u>	<u>30,113</u>	<u>801,793</u>	<u>617,864</u>	<u>59,039</u>	<u>22,385</u>	<u>699,288</u>
	<u>\$ 847,092</u>	<u>\$ 111,078</u>	<u>\$ 66,537</u>	<u>\$ 1,024,708</u>	<u>\$ 749,989</u>	<u>\$ 124,926</u>	<u>\$ 44,386</u>	<u>\$ 919,301</u>

See notes to financial statements



# **UrbanPromise International, Inc.**

---

Notes to Financial Statements  
June 30, 2013 and 2012

## **1. Nature of Operations**

UrbanPromise International, Inc. (the "Organization") was incorporated under the non-profit corporation laws of the State of New Jersey on September 17, 2008.

The mission of UrbanPromise International, Inc. is to prepare emerging leaders to initiate, develop, and sustain Christian-based youth development organizations and to seed their new ministries as they serve vulnerable children and teens in our world's most under-resourced communities.

Prior to its formation as a separate entity, UPI was an operating ministry of UrbanPromise Ministries, Inc., a Camden-based charitable organization.

## **2. Summary of Significant Policies**

### **Basis of Presentation**

The Organization's net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets are those assets of the Organization not subject to donor-imposed stipulations.

Temporarily restricted net assets of the Organization are assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets of the Organization are assets subject to donor-imposed stipulations and are maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

There were no permanently restricted net assets as of June 30, 2013 or 2012.

### **Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses recognized when incurred.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **UrbanPromise International, Inc.**

---

Notes to Financial Statements  
June 30, 2013 and 2012

### **Contributed Services**

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

### **Contributions Receivable**

Contributions receivable are reported at net realizable value. Receivables are written off when they are determined to be uncollectible based on management's assessment of individual accounts.

### **Income Taxes**

The Organization is a nonprofit entity that is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal, state or local income tax in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Effective January 1, 2009, the Organization adopted ASC 740-10, "Income Taxes," as it relates to uncertain tax positions. Management has reviewed its current and past federal and state income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if a respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

Currently, the 2012, 2011 and 2010 tax years are open and subject to examination by the Internal Revenue Service and the New Jersey Department of Revenue. However, the Organization is not currently under audit nor has the Organization been contacted by these jurisdictions. There were no interest and penalties related to income taxes.

### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among program, general and administrative, and fundraising functions based upon management's estimates.

### **Subsequent Events**

The Organization has evaluated events through February 4, 2014, which is the date the financial statements were available to be issued.

## UrbanPromise International, Inc.

Notes to Financial Statements  
June 30, 2013 and 2012

### 3. Contributions Receivable

The Organization had contributions receivable of \$-0- and \$37,452 at June 30, 2013 and 2012, respectively, which were due within one year and recognized at net realizable value. No allowance for uncollectible contributions was deemed necessary.

### 4. Grants Payable

Grants payable represent all unconditional grants that have been authorized and identified prior to year-end, but remain unpaid as of the statement of financial position date. The unpaid grants were \$568 and \$-0- for the years ended June 30, 2013 and 2012, respectively.

### 5. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2013</u>	<u>2012</u>
Toronto	\$ 500	\$ -
Mukono	6,983	-
Cornerstone	2,736	2,010
Trenton	26,963	-
ChristCares	11,276	-
Rays of Hope	12,218	1,824
Rise Malawi	1,621	2,108
YouthCare	-	2,284
Miami Pilot Program	118	45,322
Honduras Pilot Program	10,402	16,853
	<u>\$ 72,817</u>	<u>\$ 70,401</u>

## UrbanPromise International, Inc.

Notes to Financial Statements  
June 30, 2013 and 2012

### 6. Restricted Donations Released

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors during the year ended June 30:

	<u>2013</u>	<u>2012</u>
Mukono	\$ 21,612	\$ -
Cornerstone	33,630	-
Trenton	246,181	160,220
ChristCares	55,600	65,682
Rays of Hope	37,807	39,008
Rise Malawi	39,506	46,070
YouthCare	50,095	88,880
Miami Pilot Program	143,587	156,682
Honduras Pilot Program	115,821	73,852
Other Projects	22,716	86,430
	<u>\$ 766,555</u>	<u>\$ 716,824</u>

### 7. Concentration of Credit Risk

The Organization maintains cash balances in major financial institutions in excess of the federally insured limit by the Federal Deposit Insurance Corporation (FDIC).

The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on cash.

### 8. Related Party Transactions

The Organization was formed by UrbanPromise Ministries, Inc. as a separately governed and operated charitable organization. The two organizations share facilities and certain personnel. The Organization reimburses such costs on a periodic basis. As of June 30, 2013 and 2012 the amounts due from (to) UrbanPromise Ministries from the Organization were \$35,185 and \$(50,247), respectively.