

*URBANPROMISE CHARLOTTE*

*FINANCIAL STATEMENTS*  
*JUNE 30, 2017*

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***UrbanPromise Charlotte***  
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**June 30, 2017**

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# C. DEWITT FOARD & COMPANY, P.A.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
UrbanPromise Charlotte  
Charlotte, North Carolina

We have audited the accompanying financial statements of UrbanPromise Charlotte (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 of 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 in the first paragraph present fairly, in all material respects, the financial position of UrbanPromise Charlotte, as of June 30, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2016 financial statements, and our report dated November 30, 2016, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*C. Dewitt Foard & Company, P.A.*  
October 9, 2017

**UrbanPromise Charlotte**  
**Statement of Financial Position**  
**June 30, 2017, with prior year comparative totals**

	June 30,	
	2017	2016
<b><u>ASSETS</u></b>		
Current Assets:		
Cash	\$ 224,799	\$ 188,152
Prepaid expenses	2,932	-
<b><i>Total Current Assets</i></b>	<b>227,731</b>	<b>188,152</b>
Fixed assets (net)	56,637	4,047
<b>TOTAL</b>	<b>\$ 284,368</b>	<b>\$ 192,199</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts payable	\$ 13,107	\$ 8,917
Accrued payroll	51,333	14,152
<b><i>Total Current Liabilities</i></b>	<b>64,440</b>	<b>23,069</b>
Net Assets:		
Unrestricted	194,928	169,130
Temporarily restricted	25,000	-
<b><i>Total Net Assets</i></b>	<b>219,928</b>	<b>169,130</b>
<b>TOTAL</b>	<b>\$ 284,368</b>	<b>\$ 192,199</b>

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**UrbanPromise Charlotte****Statement of Activities****Year Ended June 30, 2017, with prior year comparative totals**

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	June 30, 2017			Prior Year
	Unrestricted	Temporarily Restricted	TOTALS	Comparative Totals
<b><u>SUPPORT AND REVENUE</u></b>				
Contributions	\$ 614,090	\$ -	\$ 614,090	\$ 306,244
Grants	52,500	25,000	77,500	18,000
Fundraising (net of \$8,522 direct benefit)	15,262	-	15,262	42,707
Other revenue	795	-	795	-
In-kind contributions	209,815	-	209,815	202,325
<b><i>Total Support and Revenue</i></b>	<b>892,462</b>	<b>25,000</b>	<b>917,462</b>	<b>569,276</b>
<b><u>EXPENSES</u></b>				
Program services	750,633	-	750,633	337,085
Management and general	68,640	-	68,640	33,958
Fundraising	47,391	-	47,391	29,103
<b><i>Total Expenses</i></b>	<b>866,664</b>	<b>-</b>	<b>866,664</b>	<b>400,146</b>
<b>CHANGE IN NET ASSETS</b>	<b>25,798</b>	<b>25,000</b>	<b>50,798</b>	<b>169,130</b>
<b>NET ASSETS, BEGINNING</b>	<b>169,130</b>	<b>-</b>	<b>169,130</b>	<b>-</b>
<b>NET ASSETS, ENDING</b>	<b>\$ 194,928</b>	<b>\$ 25,000</b>	<b>\$ 219,928</b>	<b>\$ 169,130</b>

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**UrbanPromise Charlotte****Statement of Functional Expenses****Year Ended June 30, 2017, with prior year comparative totals**

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	Year Ended June 30, 2017				Prior year Comparative Totals
	Program Services	Management and General	Fundraising	TOTALS	
<b><u>SALARIES AND BENEFITS</u></b>					
Salaries	\$ 393,184	\$ 22,597	\$ 36,155	\$ 451,936	\$ 131,984
Payroll taxes	34,334	2,368	2,762	39,464	8,938
Employee benefits	25,387	1,703	2,090	29,180	1,973
<b>Total</b>	<b>452,905</b>	<b>26,668</b>	<b>41,007</b>	<b>520,580</b>	<b>142,895</b>
<b><u>OTHER EXPENSES</u></b>					
Occupancy	179,889	27,472	-	207,361	200,000
Meals and entertainment	-	-	8,522	8,522	2,948
Contract services	12,196	12,347	3,418	27,961	19,857
Insurance	3,946	790	-	4,736	7,441
Operations	18,434	333	2,532	21,299	7,497
Production costs	8,087	-	-	8,087	5,620
Travel	68,450	363	-	68,813	15,577
Miscellaneous	2,185	248	30	2,463	566
Equipment and technology	3,775	419	-	4,194	543
Licenses	766	-	404	1,170	-
Direct assistance	-	-	-	-	150
<b>Total</b>	<b>297,728</b>	<b>41,972</b>	<b>14,906</b>	<b>354,606</b>	<b>260,199</b>
Deduct - special events costs deducted from revenue	-	-	8,522	8,522	2,948
<b>TOTAL EXPENSES</b>	<b>\$ 750,633</b>	<b>\$ 68,640</b>	<b>\$ 47,391</b>	<b>\$ 866,664</b>	<b>400,146</b>

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**UrbanPromise Charlotte****Statement of Cash Flows****Year Ended June 30, 2017, with prior year comparative totals**

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	Year Ended June 30,	
	2017	2016
<b><u>OPERATING ACTIVITIES</u></b>		
Change in net assets	\$ 50,798	\$ 169,130
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	4,194	506
(Increase) in operating assets		
Prepaid expenses	(2,932)	-
Increase in operating liabilities:		
Accounts payable	4,190	8,917
Accrued payroll	37,181	14,152
	<hr/>	<hr/>
<i>Cash Flows from</i>		
<i>Operating Activities</i>	<b>93,431</b>	<b>192,705</b>
<b><u>INVESTING ACTIVITIES</u></b>		
Purchases of fixed assets	(56,784)	(4,553)
	<hr/>	<hr/>
<i>Cash Flows from</i>		
<i>Investing Activities</i>	<b>(56,784)</b>	<b>(4,553)</b>
<b>NET CHANGE IN CASH</b>	<b>36,647</b>	<b>188,152</b>
<b>CASH, BEGINNING</b>	<b>188,152</b>	<b>-</b>
	<hr/>	<hr/>
<b>CASH, ENDING</b>	<b>\$ 224,799</b>	<b>\$ 188,152</b>
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***UrbanPromise Charlotte***  
**Notes to Financial Statements**  
**June 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of activities*

UrbanPromise Charlotte (the Organization) is incorporated under the laws of the state of North Carolina. The mission of the Organization is to provide Charlotte’s low-income children and youth with the academic, spiritual, and social development necessary to become Christian leaders determined to restore their communities.

The Organization’s vision is three-fold: Reach a Child, Raise a Leader, Restore Community. They strive to fulfill this vision through a continuum of holistic educational and leadership programming.

The Organization reaches elementary and middle school children through year-round, neighborhood-based afterschool and summer programs. By providing quality out-of-school time instruction at their AfterSchool Programs and Summer Camps, the Organization seeks to bridge the achievement gap between low-income students and their higher-income peers.

As students move through elementary and middle school and into high school, the Organization raises them to become StreetLeaders. Their StreetLeader Program employs teenagers as mentors and counselors for the children who attend their afterschool and summer programs. Along with year-round employment, the StreetLeader Program provides teenagers with leadership development, academic support, and college preparation because they know low-income students are less likely to graduate from high school than their more affluent peers.

Ultimately, the Organization believes that their StreetLeaders’ leadership experience and academic growth at the Organization will inspire them to a pursue lifetime of servant leadership, and the Organization alumni will bring about economic, spiritual, and social revitalization in their communities and their city.

*Sources of revenue*

The Organization receives contributions and grants from individual donors, corporate donors, private foundations and churches.

*Basis of presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted net assets* – Unrestricted net assets are those currently available for use in the day-to-day operation of the Organization and resources invested in property and equipment.



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***UrbanPromise Charlotte***  
**Notes to Financial Statements**  
**June 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

*Basis of presentation - continued*

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

*Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. At June 30, 2017, the Organization had no permanently restricted net assets and, accordingly, these financial statements do not reflect any activity related to that class of net assets.

*Contributions*

The Organization reports gifts of cash and other assets as temporarily restricted revenue if they are received with donor stipulations that limit the use of the donated assets. However, restricted contributions whose restrictions are accomplished in the same accounting period are recorded as unrestricted. Unconditional promises to give are recorded as support in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*Donated services and goods*

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated equipment or goods, if significant, are included in support at fair value. During the year, the Organization recorded donated goods valued at \$9,815.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various assignments. No amounts have been reflected in the financial statements for these contributions, as they do not meet the criteria for recognition described above.

*Donated facilities and utilities*

Donated facilities and utilities are recorded as contributions at the estimated fair rental value. For the year ended June 30, 2017, the fair value of the donated rent and utilities has been calculated at \$200,000, which is included in occupancy expense. The donated facility is a local Church and the facility is used for their summer programs, afterschool programs and for administrative work.

*Cash*

Cash consists of cash on hand and cash in checking and savings accounts.

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***UrbanPromise Charlotte***  
**Notes to Financial Statements**  
**June 30, 2017**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

*Property and equipment*

Fixed assets exceeding \$500 of value are recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful life of the assets, which vary from three years to fifteen years.

*Federal income tax status*

The Organization is exempt from Federal income tax under Section 501(c) (3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

*Prior-year comparative totals*

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's 2016 financial statements, from which the summarized information was derived.

*Functional allocation of expenses*

Expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent and various allocation methods appropriate to the type of expense.

*Use of estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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 support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 – FIXED ASSETS**

Fixed assets are composed of the following as of June 30, 2017:

Equipment	\$	21,337
Leasehold improvements		40,000
Less - accumulated depreciation		<u>4,700</u>
TOTAL	\$	<u><u>56,637</u></u>

Depreciation expense for the fiscal year 2017 was \$4,194.

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***UrbanPromise Charlotte***  
**Notes to Financial Statements**  
**June 30, 2017**

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**NOTE 3 – TEMPORARILY RESTRICTED**

Temporarily restricted net assets as of June 30, 2017, are comprised of cash and consist of a \$25,000 time restricted grant.

**NOTE 4 – EMPLOYEE BENEFITS**

The Organization has a medical health care plan that covers all full-time employees. Premium payments are made for all qualifying employees.

The Organization participates in a SIMPLE-IRA Plan maintained by Foresters Financial. All full time employees are eligible to participate in the Plan upon their hire date. The Organization matches the employee's elective deferral on a dollar-for-dollar basis but not more than 3% of the employee's compensation. The amount paid by the Organization during the year was \$4,740.

**NOTE 5 - CONCENTRATIONS OF RISK**

*Geographic area*

The Organization operates in a small geographic area and, accordingly, is sensitive to changes in the local economy.

**NOTE 6 – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued.