

**URBAN AFFAIRS COALITION**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Urban Affairs Coalition  
Philadelphia, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Urban Affairs Coalition (the Coalition), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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.

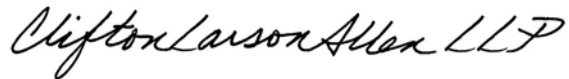
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban Affairs Coalition as June 30, 2017 and 2016, 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.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
December 20, 2017

**URBAN AFFAIRS COALITION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 4,101,678	\$ 8,790,475
Grants and Contracts Receivable	7,182,100	3,474,146
Pledges Receivable	100,300	148,200
Reserve for Unemployment Claims	237,479	104,482
Notes Receivable, Current Portion	9,288	156,990
Prepaid Expenses and Other Assets	729,898	17,583
Total Current Assets	12,360,743	12,691,876
<b>FURNITURE AND EQUIPMENT</b>	60,805	34,233
<b>OTHER ASSETS</b>		
Investment	68,914	68,914
Deposits	217,202	183,464
Total Other Assets	286,116	252,378
Total Assets	\$ 12,707,664	\$ 12,978,487
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Lines of Credit	\$ 1,148,978	\$ 1,396,390
Due to Congreso de Latino Unidos, Current Portion	50,000	75,000
Accounts Payable and Accrued Expenses	1,995,819	2,316,118
Accrued Payroll and Payroll Taxes	443,896	272,934
Unemployment Liability Payable	143,526	267,846
Deferred Revenue	50,036	12,605
Total Current Liabilities	3,832,255	4,340,893
<b>LONG-TERM LIABILITIES</b>		
Deferred Rent	39,151	166,889
Total Long-Term Liabilities	39,151	166,889
Total Liabilities	3,871,406	4,507,782
<b>NET ASSETS (DEFICIT)</b>		
Unrestricted (Deficit)	(1,277,516)	(1,326,556)
Temporarily Restricted	10,113,774	9,797,261
Total Net Assets (Deficit)	8,836,258	8,470,705
Total Liabilities and Net Assets (Deficit)	\$ 12,707,664	\$ 12,978,487

See accompanying Notes to Financial Statements.

**URBAN AFFAIRS COALITION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants and Contracts	\$ 24,175,797	\$ -	\$ 24,175,797
Contributions	596,416	2,026,776	2,623,192
Consulting Fees	1,009,822	-	1,009,822
Other Revenues	172,835	-	172,835
Total	<u>25,958,172</u>	<u>2,026,776</u>	<u>27,984,948</u>
 Net Assets Released from Restrictions	 <u>1,710,263</u>	 <u>(1,710,263)</u>	 <u>-</u>
Total Support and Revenue	27,668,435	316,513	27,984,948
 <b>EXPENSES</b>			
Program Services:			
Community Intervention and Support	4,143,375	-	4,143,375
Homelessness	6,849,616	-	6,849,616
Economic Development	1,460,515	-	1,460,515
Education	5,043,815	-	5,043,815
AIDS Services	1,557,915	-	1,557,915
Employment Training	4,040,247	-	4,040,247
Healthcare	1,552,621	-	1,552,621
Research and Evaluation	79,814	-	79,814
Financial Literacy and Tax Services	80,649	-	80,649
Total Program Services	<u>24,808,567</u>	<u>-</u>	<u>24,808,567</u>
Supporting Services:			
General and Administrative	2,525,327	-	2,525,327
Fundraising	285,501	-	285,501
Total Supporting Services	<u>2,810,828</u>	<u>-</u>	<u>2,810,828</u>
Total Expenses	<u>27,619,395</u>	<u>-</u>	<u>27,619,395</u>
 <b>CHANGE IN NET ASSETS</b>	 49,040	 316,513	 365,553
Net Assets (Deficit) - Beginning of Year	<u>(1,326,556)</u>	<u>9,797,261</u>	<u>8,470,705</u>
 <b>NET ASSETS (DEFICIT) - END OF YEAR</b>	 <u>\$ (1,277,516)</u>	 <u>\$ 10,113,774</u>	 <u>\$ 8,836,258</u>

See accompanying Notes to Financial Statements.

**URBAN AFFAIRS COALITION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants and Contracts	\$ 15,651,309	\$ -	\$ 15,651,309
Contributions	1,027,995	10,122,653	11,150,648
Consulting Fees	1,019,485	-	1,019,485
Other Revenues	233,344	-	233,344
Donated Services	3,461	-	3,461
Total	<u>17,935,594</u>	<u>10,122,653</u>	<u>28,058,247</u>
 Net Assets Released from Restrictions	 <u>2,031,066</u>	 <u>(2,031,066)</u>	 <u>-</u>
Total Support and Revenue	19,966,660	8,091,587	28,058,247
 <b>EXPENSES</b>			
Program Services:			
Community Intervention and Support	8,471,949	-	8,471,949
Homelessness	2,682,833	-	2,682,833
Economic Development	1,514,408	-	1,514,408
Education	426,909	-	426,909
AIDS Services	1,422,410	-	1,422,410
Employment Training	794,578	-	794,578
Healthcare	41,775	-	41,775
Research and Evaluation	107,617	-	107,617
Financial Literacy and Tax Services	866,956	-	866,956
Total Program Services	<u>16,329,435</u>	<u>-</u>	<u>16,329,435</u>
Supporting Services:			
General and Administrative	2,763,735	-	2,763,735
Fundraising	255,451	-	255,451
Total Supporting Services	<u>3,019,186</u>	<u>-</u>	<u>3,019,186</u>
Total Expenses	<u>19,348,621</u>	<u>-</u>	<u>19,348,621</u>
 <b>CHANGE IN NET ASSETS</b>	 618,039	 8,091,587	 8,709,626
 Net Assets (Deficit) - Beginning of Year	 <u>(1,944,595)</u>	 <u>1,705,674</u>	 <u>(238,921)</u>
 <b>NET ASSETS (DEFICIT) - END OF YEAR</b>	 <u><u>\$ (1,326,556)</u></u>	 <u><u>\$ 9,797,261</u></u>	 <u><u>\$ 8,470,705</u></u>

See accompanying Notes to Financial Statements.

**URBAN AFFAIRS COALITION  
STATEMENTS OF CASH FLOWS  
YEAR ENDED JUNE 30, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 365,553	\$ 8,709,626
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	38,753	14,997
Provision for Allowance for Doubtful Accounts	217,775	45,984
(Increase) Decrease in Assets:		
Grants and Contracts Receivable	(3,733,322)	(130,884)
Pledges Receivable	(1,300)	(93,875)
Prepaid Expenses	(712,315)	105,938
Reserve for Unemployment Claims	(132,997)	66,692
Deposits	(33,738)	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(320,299)	(80,990)
Accrued Payroll and Payroll Taxes	170,962	(5,566)
Deferred Rent Obligation	(127,738)	(35,363)
Unemployment Liability Payable	(124,320)	(26,863)
Due to Congreso de Latinos Unidos	(25,000)	(50,000)
Deferred Revenue	37,431	12,605
Net Cash Provided (Used) by Operating Activities	(4,380,555)	8,532,301
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repayments of Notes Receivable	4,495	53,527
Purchases of Furniture and Equipment	(65,325)	(32,060)
Net Cash Provided (Used) by Investing Activities	(60,830)	21,467
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Line of Credit	(4,381,620)	(9,294,576)
Proceeds from Line of Credit	4,134,208	9,084,576
Net Cash Used by Financing Activities	(247,412)	(210,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(4,688,797)	8,343,768
Cash and Cash Equivalents - Beginning of Year	8,790,475	446,707
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,101,678	\$ 8,790,475
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 3,936	\$ 99,449

See accompanying Notes to Financial Statements.



**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Urban Affairs Coalition (UAC or the Coalition) is a nonprofit organization which unites government, business, neighborhoods, and individual initiatives to improve the quality of life in the region, build wealth in urban communities, and solve emerging issues.

As a Home for Nonprofits, the Coalition provides back office support, fiscal sponsorship and shared services to emerging and established community-based organizations and special projects. UAC's fiscal sponsorship structure saves partner organizations time and money.

UAC is a Coalition of 433 employees and 70 partner organizations, large and small, working on diverse issues. UAC works to strengthen nonprofit organizations through fiscal sponsorship, capacity building, and program evaluation. UAC's diverse programs strive to improve life chances for youth and young adults; and provide economic opportunity to low-income households, working families, and disadvantaged businesses.

During the year ended June 30, 2017, UAC programs served more than 175,000 children, youth and adults through a variety of programming, including:

- Free tax services to families and individuals
- Youth development
- Adult education
- Digital literacy
- Job training
- Small business development
- Anti-predatory lending; economic inclusion
- HIV/AIDS prevention
- Transitional housing

The Coalition's work is sponsored by government grants and direct support from corporations, foundations, and individuals.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

**Classification of Net Assets**

Resources in the accompanying financial statements are classified for accounting and reporting purposes into three classes of net assets according to the existence or absence of donor-imposed restrictions as follows:

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Classification of Net Assets (Continued)**

**Permanently Restricted Net Assets**

Net assets are subject to donor-imposed restrictions that are to be maintained permanently by the Coalition or used to account for funds and split-interest agreements which have been accepted with donor stipulations that principal be maintained intact in perpetuity. There are no permanently restricted net assets as of June 30, 2017 and 2016.

**Temporarily Restricted Net Assets**

Net assets subject to donor-imposed restrictions, which are to be used for future program expenditures either by actions of the Coalition and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. At June 30, 2017 and 2016, the Coalition had \$10,113,774 and \$9,797,261, respectively, in temporarily restricted net assets.

**Unrestricted Net Assets**

Net assets that are not subject to donor-imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally reported as decreases in unrestricted net assets. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as net assets released from restrictions.

The Coalition considers all government awards to be exchange transactions in which each party receives and sacrifices commensurate value. Accordingly, government awards do not affect temporarily restricted or permanently restricted net assets, and funds received in advance are deferred revenue, and funds disbursed and not reimbursed represent receivables.

**Use of Estimates**

The preparation of financial statements in accordance 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include investments in highly liquid instruments with original maturities of three months or less. The Coalition maintains its primary depository accounts with a commercial bank. During the year, the Coalition may have cash balances on deposit in excess of the federally insured limit.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Contracts and Grants Receivable**

The Coalition has contracts and grants agreements with various agencies within the federal government, Commonwealth of Pennsylvania and local governments, as well as corporations, foundations, and nonprofit organizations. Amounts are recorded as receivables at the time the Coalition incurs expenditures under each grant award. The Coalition carries these receivables at the invoice amount, appropriately reduced for any contractual allowances, and less allowance for doubtful accounts. On a periodic basis, management evaluates its contracts and grants receivable and establishes an allowance for doubtful accounts, based on communications with the payors.

The Coalition's policy is to review the aging for both individual accounts and the government agency and follow up with the payor for receivables over 90 days old. Accounts are written-off as uncollectible if no payments are received after the Coalition has exhausted all efforts to collect the receivable.

**Notes Receivable**

Notes receivable are reported net of an allowance for doubtful accounts. The Coalition provides an allowance for doubtful accounts based on historical experience and specifically identified risks. Notes receivable are considered delinquent when payment is not received when due and are charged off against the allowance when management ceases its collection efforts.

**Investments**

Investments are stated at fair value.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially change the amounts reported in the statement of financial position.

**Furniture and Equipment and Depreciation**

Assets purchased are stated at cost and depreciated over the estimated useful lives of the related assets. It is the Coalition's policy to capitalize furniture and equipment over \$5,000. Maintenance and repairs are charged to the operations when incurred. Significant betterments and renewals are capitalized. When furniture and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations. Depreciation is computed on a straightline basis over the estimated useful lives.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Furniture and Equipment and Depreciation (Continued)**

The useful lives of furniture and fixtures and equipment for purposes of computing depreciation are:

Furniture and Fixtures	5 Years
Office Equipment	3 Years

**Deferred Revenue**

Deferred revenue represents amounts advanced for which the Coalition may have an obligation to perform additional services or may be required to pay back the residual balance, at the request of the funder.

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future use or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. These contributions consist of funds received from corporations, foundations, and other nonprofit organizations for various philanthropic activities provided by the Coalition.

**Donated Services**

The Coalition records contributed professional and volunteer services only if the services require specialized skills, and provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

**Functional Allocation of Expenses**

The costs of providing the Coalition's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses, which cannot be directly identified with specific functions, are allocated based on estimates of staff hours devoted to various functions.

**Income Taxes**

The Coalition is a nonprofit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes. The Coalition is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

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

**Income Taxes (Continued)**

The Coalition follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard had no impact on the Coalition's financial statements.

The Coalition's income tax returns are subject to review and examination by federal, state, and local authorities.

**Fair Value of Financial Instruments**

The Coalition measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Coalition has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

**Subsequent Events**

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through December 20, 2017, the date the financial statements were available to be issued.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 2 GRANTS AND CONTRACTS RECEIVABLE**

Grants and contracts receivable represent funds due for expenditures incurred by the Coalition to provide services in accordance with grant or contract provisions, as follows:

	<u>2017</u>	<u>2016</u>
Federal Programs	\$ 341,215	\$ 277,364
City of Philadelphia	2,829,503	1,596,081
Commonwealth of Pennsylvania	56,633	633,226
Public Health Management Corporation	2,528,188	41,540
Philadelphia Youth Network	332,100	227,994
Foundations	859,762	483,002
Other	331,052	285,923
Total	<u>7,278,453</u>	<u>3,545,130</u>
Less: Allowance for Doubtful Accounts	<u>96,353</u>	<u>70,984</u>
Total Grants and Contracts	<u><u>\$ 7,182,100</u></u>	<u><u>\$ 3,474,146</u></u>

**NOTE 3 NOTES RECEIVABLE**

As of June 30, 2017, the Coalition had four notes receivable agreements with nonprofit organizations for repayment of monies borrowed by these organizations to support operations of programs these Organizations operate on behalf of the Coalition. Interest is charged on these notes at a rate of 3% per annum. The notes receivable are unsecured and due at various times through 2017. Interest earned on notes receivable was \$279 and \$5,601 for the years ended June 30, 2017 and 2016, respectively.

At June 30, 2017, notes receivable, net of allowance for doubtful accounts, are as follows:

	Gross Notes Receivable	Less: Allowance for Doubtful Accounts	Total Notes Receivable
Receivable in Less than One Year	\$ 78,129	\$ 68,841	\$ 9,288
Receivable in One to Five Years	-	-	-
Total Notes Receivable	<u><u>\$ 78,129</u></u>	<u><u>\$ 68,841</u></u>	<u><u>\$ 9,288</u></u>

At June 30, 2016, notes receivable, net of allowance for doubtful accounts, are as follows:

	Gross Notes Receivable	Less: Allowance for Doubtful Accounts	Total Notes Receivable
Receivable in Less than One Year	\$ 343,688	\$ 186,698	\$ 156,990
Receivable in One to Five Years	-	-	-
Total Notes Receivable	<u><u>\$ 343,688</u></u>	<u><u>\$ 186,698</u></u>	<u><u>\$ 156,990</u></u>

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 4 FURNITURE AND EQUIPMENT**

As of June 30, 2017 and 2016, furniture and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Furniture and Equipment	\$ 197,421	\$ 132,096
Less: Accumulated Depreciation	136,616	97,863
Total Furniture and Equipment	<u>\$ 60,805</u>	<u>\$ 34,233</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$38,753 and \$14,997, respectively.

**NOTE 5 INVESTMENT**

The Coalition's investment is recorded at fair value as follows:

	<u>June 30, 2017</u>		<u>June 30, 2016</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in United Bank of Philadelphia	<u>\$ 475,000</u>	<u>\$ 68,914</u>	<u>\$ 475,000</u>	<u>\$ 68,914</u>

**NOTE 6 FAIR VALUE MEASUREMENTS**

The Coalition uses fair value measurements to record fair value adjustments to certain assets. For additional information on how the Coalition values all other assets refer to Note 1 — Summary of Significant Accounting Policies.

Assets measured at fair value on a recurring basis as of June 30, 2017 are:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in United Bank of Philadelphia	<u>\$ 68,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,914</u>

Assets measured at fair value on a recurring basis as of June 30, 2016 are:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment in United Bank of Philadelphia	<u>\$ 68,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,914</u>

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 6 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Level 3 Assets**

The following table represents a summary of changes in the fair value of the Coalition's level 3 assets (the investment in United Bank of Philadelphia) for the years ended June 30, 2017 and 2016, respectively:

Beginning Balance - July 1, 2016	\$ 68,914
Unrealized Loss on Investments Held as of June 30, 2017	-
Ending Balance - June 30, 2017	<u>\$ 68,914</u>
Beginning Balance - July 1, 2015	\$ 68,914
Unrealized Loss on Investments Held as of June 30, 2016	-
Ending Balance - June 30, 2016	<u>\$ 68,914</u>

The estimate of fair value is based upon the Coalition's evaluation of the financial statements of United Bank of Philadelphia, stock trading activity (if any), press reports concerning the bank, and industry specific financial performance metrics.

**NOTE 7 LINE OF CREDIT**

On April 21, 2015, the Coalition executed an agreement with Valley Green Bank, a Division of Univest Bank and Trust Company, for a \$2,000,000 revolving line of credit. This renewable demand note was scheduled to mature on June 30, 2016. Collateral under this agreement are all of the assets of the Coalition. Borrowings under this line of credit bear interest at the rate of the Wall Street Journal U.S. Prime Rate plus 1%, but never less than 4.95%. The Coalition can borrow up to 75% of the eligible accounts receivable, not to exceed \$2,000,000. Upon the execution of this agreement, the Coalition immediately paid the outstanding balance of the Citizens Bank line of credit, \$1,435,000 and associated fees, and closed the line of credit with Citizens Bank.

On August 25, 2015, the Coalition modified its revolving line of credit agreement with Valley Green bank to increase its total borrowings from \$2,000,000 to \$2,400,000. This additional amount available was used to support ongoing working capital financing during the Commonwealth of Pennsylvania FY 2016 budget negotiations. Upon passage of the Commonwealth of Pennsylvania FY 2016 budget, the line was reduced to its original amount of \$2,000,000.



**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 7 LINE OF CREDIT (CONTINUED)**

In 2016, the maturity date of the line of credit was extended to May 31, 2017. The Coalition is required to pay monthly interest payments on the line of credit with the principal due on demand.

On April 25, 2017, the Coalition executed an agreement with Valley Green Bank, a Division of Univest Bank and Trust Company, for a \$5,000,000 revolving line of credit. This renewable demand note is scheduled for renewal on March 31, 2018. Collateral under this agreement is all of the assets of the Coalition. Borrowings under this line of credit bear interest at the rate of the Wall Street Journal U.S. Prime Rate plus 1%, but never less than 4.00%. The Coalition can borrow up to 80% of the eligible accounts receivable, not to exceed \$5,000,000. As part of this agreement, the Coalition has agreed to maintain a minimum debt service coverage ratio of 1.25x as measured at fiscal year-end. The Coalition is not aware of any instances of noncompliance with the covenants contained in its agreement with Valley Green Bank.

On August 25, 2017, the Coalition modified its revolving line of credit agreement with Valley Green bank to increase its total borrowings from \$2,000,000 to \$5,000,000. This additional amount available was used to support additional business brought on by the Coalition in 2018.

In 2018, the maturity date of the line of credit is March 31, 2018. The Coalition is required to pay monthly interest payments on the line of credit with the principal due on demand.

For the years ended June 30, 2017 and 2016, the balance outstanding on this line of credit agreement was \$1,148,978 and \$1,396,390, respectively.

Interest expense on the lines of credit was \$3,936 and \$74,877 for the years ended June 30, 2017 and 2016, respectively.

**NOTE 8 DUE TO CONGRESO DE LATINOS UNIDOS**

In August 2014, the Coalition had entered into a settlement agreement with Congreso de Latinos Unidos (Congreso), a nonprofit agency, in the amount of \$175,000. Under the terms of this agreement, the Coalition is required to make semi-annual, noninterest bearing payments of \$25,000 on December 31 and June 30 of each year commencing December 31, 2014, with a final payment of \$50,000 due June 30, 2017. Due to the timing of payments, The Coalition made the final payment to Congreso on July 1, 2017.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 9 OPERATING LEASES**

The Coalition leases a building at 1207 Chestnut Street, Philadelphia, Pennsylvania for its main office under an agreement with an unrelated party. This lease was amended in July 2009 to include an extension for ten years expiring May 31, 2019. In June 2012, this lease agreement was amended again to release the 2<sup>nd</sup>-floor portion of the premises. On February 1, 2015, this lease agreement was amended again for the release of the 3<sup>rd</sup>-floor portion of the premise. On March 16, 2017, this lease was amended to release the 4<sup>th</sup> floor of the premise. The Coalition also leases space for its Achieving Reunification Center (ARC) program, on 714 Market Street, Philadelphia, Pennsylvania, expiring October 31, 2018. The Coalition also leases space for its Center for Hope Program on 900 North Broad Street, Philadelphia, Pennsylvania, expiring August 31, 2019. The Coalition also leases spaces for its Colours, Inc. program partner on 1211 Chestnut Street, Philadelphia, Pennsylvania expiring January 31, 2022.

Each year, the Coalition will lease space in locations throughout the City of Philadelphia to provide tax services as part of its Campaign for Working Families program for the period January through April. These leases are month-to-month and will be renewed based on community participation within the Coalition's program.

The minimum annual rental for all operating leases as of June 30, 2017 is as follows:

<u>Year Ending June 30,</u>	<u>Building</u>	<u>Copiers</u>	<u>Total</u>
2018	\$ 1,445,148	\$ 29,484	\$ 1,474,632
2019	901,106	29,484	930,590
2020	97,774	19,656	117,430
2021	45,624	-	45,624
2022	27,037	-	27,037
Total	<u>\$ 2,516,689</u>	<u>\$ 78,624</u>	<u>\$ 2,595,313</u>

For the years ended June 30, 2017 and 2016, rent expense was \$2,326,691 and \$2,039,095, respectively.

**NOTE 10 TEMPORARILY RESTRICTED NET ASSETS**

As of June 30, 2017 and 2016, temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Community Intervention and Support	\$ 9,646,931	\$ 9,630,204
AIDS Services	48,476	33,479
Economic Development	88,688	103,031
Education	304,129	30,547
Employment Training	11,920	-
Health Care	9,800	-
Homelessness	3,830	-
Total	<u>\$ 10,113,774</u>	<u>\$ 9,797,261</u>

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 11 BENEFIT PLAN**

The Coalition maintains a 403(b) retirement plan which covers all employees who are employed by the Coalition. The Coalition may make matching contributions equal to a discretionary percentage, determined by the board, of each participant's salary. Matching contribution expense was \$65,021 and \$58,438 for the years ended June 30, 2017 and 2016, respectively.

Contributions accrued but unpaid as of June 30, 2017 and 2016 totaled \$105,464 and \$95,862, respectively.

**NOTE 12 SIGNIFICANT CONCENTRATIONS AND RISKS**

The Coalition received approximately 86% and 56% of its support and revenue from grants and contracts with government and nongovernment agencies for the years ended June 30, 2017 and 2016, respectively. For the year ended June 30, 2016, the Coalition had received a temporarily restricted contribution which was approximately 90% of the total contributions received and reported on the statement of activities of the Coalition.

**NOTE 13 DONATED SERVICES**

The Coalition received \$3,302 and \$3,461 in donated legal services provided to the Coalition, for the years ended June 30, 2017 and 2016, respectively. These amounts were included as part of support and revenue and expenses on the statements of activities.

**NOTE 14 UNEMPLOYMENT CLAIMS**

The Coalition is primarily self-insured for certain unemployment costs. The unemployment claims are administered by Equifax. The Coalition has an interest bearing proprietary reserve account held by First Non-Profit, to cover all unemployment claims that have been submitted to and processed by the Commonwealth of Pennsylvania for former Coalition employees, as well as estimated incurred, but not reported claims. On a monthly basis the Coalition is required to deposit funds into this account to cover potential future claims.

For the years ended June 30, 2017 and 2016, the activities within the Coalition's proprietary reserve account are as follows:

	2017	2016
Beginning Balance	\$ 104,482	\$ 171,174
Add:		
Coalition Contributions Made	245,739	181,421
Less:		
Claims Paid and Accrued	(112,742)	(177,851)
Refund of Funds to the Coalition	-	(70,262)
Ending Balance	\$ 237,479	\$ 104,482

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016**

**NOTE 14 UNEMPLOYMENT CLAIMS (CONTINUED)**

The Coalition's unemployment claim administrator had determined, through actuarial data unemployment claims which have been incurred but not yet reported "IBNR." Since the administrator knows neither how many of these losses have occurred nor the severity of each loss, the administrator is required to estimate the potential liability of these claims. As of June 30, 2017 and 2016, the Coalition had recorded an estimated liability of \$143,526 and \$267,846, respectively, to cover these projected claims.

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2017**

<b>Expenses</b>	Community Intervention and Support	AIDS Services	Economic Development	Education	Employment Training
Personnel	\$ 2,107,267	\$ 1,140,013	\$ 787,748	\$ 216,839	\$ 3,126,789
Consultants and Contract Services	500,124	39,298	323,786	4,533,535	80,647
Program Grants	4,500	-	12,000	-	-
Facilities	694,952	145,602	111,857	69,312	236,586
Travel and Conferences	115,979	26,512	6,114	16,824	65,619
Supplies	40,240	12,097	19,590	8,990	24,540
Bad Debt	36,581	-	74,365	32,261	-
Advertising	17,819	-	-	-	-
Telephone	43,409	31,826	24,997	12,326	158,498
Printing	21,621	11,513	8,344	2,920	9,596
Insurance	55,104	25,981	23,421	10,543	186,350
Professional Fees	39,093	14,040	18,919	28,294	36,511
Program Activities and Services	366,101	98,737	-	40,863	52,128
Postage and Delivery	3,441	242	1,420	1,630	2,291
Training	1,927	-	6,066	19	6,377
Computer	55,577	6,292	6,115	49,646	51,315
Miscellaneous	39,640	5,756	16,401	19,670	3,000
Interest and Bank Fees	-	6	-	143	-
Shelter	-	-	-	-	-
Depreciation	-	-	19,372	-	-
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total Expenses	<u>\$ 4,143,375</u>	<u>\$ 1,557,915</u>	<u>\$ 1,460,515</u>	<u>\$ 5,043,815</u>	<u>\$ 4,040,247</u>

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

Expenses	Financial Education				Total Program
	Homelessness	Literacy and Tax Services	Healthcare	Research and Evaluation	
Personnel	\$ 4,565,716	\$ 35,545	\$ 872,143	\$ 50,050	\$ 12,902,110
Consultants and Contract Services	76,603	3,750	47,190	18,714	5,623,647
Program Grants	-	-	-	-	16,500
Facilities	1,135,466	6,021	290,774	-	2,690,570
Travel and Conferences	5,833	625	55,563	4,031	297,100
Supplies	20,875	-	5,283	26	131,641
Bad Debt	-	-	-	-	143,207
Advertising	-	-	-	-	17,819
Telephone	78,778	874	46,032	664	397,404
Printing	-	-	-	-	53,994
Insurance	337,989	-	79,039	1,164	719,591
Professional Fees	107,997	-	17,384	761	262,999
Program Activities and Services	4,645	-	42,491	2,303	607,268
Postage and Delivery	345	3	-	-	9,372
Training	15,302	-	16,827	-	46,518
Computer	201,390	-	30,775	259	401,369
Miscellaneous	17,058	33,831	49,120	1,800	186,276
Interest and Bank Fees	122	-	-	42	313
Shelter	281,497	-	-	-	281,497
Depreciation	-	-	-	-	19,372
<b>Total Expenses</b>	<b>\$ 6,849,616</b>	<b>\$ 80,649</b>	<b>\$ 1,552,621</b>	<b>\$ 79,814</b>	<b>\$ 24,808,567</b>

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)  
YEAR ENDED JUNE 30, 2017**

<b>Expenses</b>	General and Administration	Fundraising	Total
Personnel	\$ 1,975,016	\$ 48,064	\$ 14,925,190
Consultants and Contract Services	37,777	124,887	5,786,311
Program Grants	-	-	16,500
Facilities	212,200	-	2,902,770
Travel and Conferences	15,212	788	313,100
Supplies	10,539	930	143,110
Bad Debt	74,568	-	217,775
Advertising	-	-	17,819
Telephone	17,218	465	415,087
Printing	14,567	2,086	70,647
Insurance	3,467	556	723,614
Professional Fees	20,579	1,217	284,795
Program Activities and Services	2,122	48,051	657,441
Postage and Delivery	1,427	77	10,876
Training	21,999	53,515	122,032
Computer	24,643	970	426,982
Miscellaneous	54,016	1,437	241,729
Interest and Bank Fees	20,596	2,458	23,367
Shelter	-	-	281,497
Depreciation	19,381	-	38,753
	<u>\$ 2,525,327</u>	<u>\$ 285,501</u>	<u>\$ 27,619,395</u>
Total Expenses			

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016**

<b>Expenses</b>	<u>Community Intervention and Support</u>	<u>AIDS Services</u>	<u>Economic Development</u>	<u>Education</u>	<u>Employment Training</u>
Personnel	\$ 5,067,672	\$ 1,032,562	\$ 822,640	\$ 133,368	\$ 570,032
Consultants and Contract Services	530,583	28,667	385,722	191,024	114,599
Program Grants	15,000	-	72,333	-	-
Facilities	1,163,277	118,508	111,698	34,333	26,495
Travel and Conferences	138,877	28,363	7,257	569	13,743
Supplies	43,725	24,885	6,400	5,394	12,885
Bad Debt	45,984	-	-	-	-
Advertising	13,000	51	115	330	-
Telephone	201,826	25,914	26,249	1,897	8,631
Printing	21,363	16,637	2,285	7,941	11,096
Insurance	276,420	15,923	23,026	7,654	8,321
Professional Fees	49,133	13,481	21,073	31,867	7,522
Program Activities and Services	620,861	109,194	2,501	9,956	1,872
Postage and Delivery	23,475	740	3,665	296	137
Training	12,206	1,245	10,654	-	18,191
Computer	174,614	2,850	13,640	-	54
Miscellaneous	71,420	3,390	5,112	2,063	1,000
Interest and Bank Fees	2,513	-	38	217	-
Shelter	-	-	-	-	-
Depreciation	-	-	-	-	-
<b>Total Expenses</b>	<u><u>\$ 8,471,949</u></u>	<u><u>\$ 1,422,410</u></u>	<u><u>\$ 1,514,408</u></u>	<u><u>\$ 426,909</u></u>	<u><u>\$ 794,578</u></u>



**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

Expenses	Financial Education				Total Program
	Homelessness	Literacy and Tax Services	Healthcare	Research and Evaluation	
Personnel	\$ 1,651,456	\$ 380,192	\$ 34,644	\$ 47,186	\$ 9,739,752
Consultants and Contract Services	37,019	302,238	-	51,530	1,641,382
Program Grants	-	-	-	-	87,333
Facilities	598,238	72,420	3,131	-	2,128,100
Travel and Conferences	3,057	11,367	203	2,733	206,169
Supplies	16,052	22,046	-	82	131,469
Bad Debt	-	-	-	-	45,984
Advertising	-	140	-	-	13,636
Telephone	17,518	18,334	383	97	300,849
Printing	(5)	15,534	-	1	74,852
Insurance	44,017	13,305	224	1,557	390,447
Professional Fees	30,831	9,900	206	1,211	165,224
Program Activities and Services	3,958	12,801	2,984	750	764,877
Postage and Delivery	-	4,248	-	34	32,595
Training	33,887	353	-	-	76,536
Computer	153,864	4,078	-	233	349,333
Miscellaneous	7,413	-	-	2,188	92,586
Interest and Bank Fees	153	-	-	15	2,936
Shelter	85,375	-	-	-	85,375
Depreciation	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 2,682,833</u>	<u>\$ 866,956</u>	<u>\$ 41,775</u>	<u>\$ 107,617</u>	<u>\$ 16,329,435</u>

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES (CONTINUED)  
YEAR ENDED JUNE 30, 2016**

<b>Expenses</b>	General and <u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 1,897,297	\$ 74,459	\$ 11,711,508
Consultants and Contract Services	176,565	34,448	1,852,395
Program Grants	-	-	87,333
Facilities	320,196	34,679	2,482,975
Travel and Conferences	19,470	1,733	227,372
Supplies	9,293	2,676	143,438
Bad Debt	-	-	45,984
Advertising	-	-	13,636
Telephone	5,153	5,283	311,285
Printing	18,650	5,963	99,465
Insurance	18,360	2,502	411,309
Professional Fees	3,461	2,110	170,795
Program Activities and Services	114,913	33,176	912,966
Postage and Delivery	2,748	47	35,390
Training	14,318	54,373	145,227
Computer	23,553	-	372,886
Miscellaneous	3,199	2,991	98,776
Interest and Bank Fees	121,562	1,011	125,509
Shelter	-	-	85,375
Depreciation	14,997	-	14,997
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	<u>\$ 2,763,735</u>	<u>\$ 255,451</u>	<u>\$ 19,348,621</u>



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