

**URBAN AFFAIRS COALITION**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2020 AND 2019**



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**URBAN AFFAIRS COALITION  
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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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinion**

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

**Emphasis of Matter Regarding Change in Accounting Principle**

As described in Note 1, the Urban Affairs Coalition adopted Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. The accounting change has not been retrospectively applied to prior periods presented but applied prospectively. Our opinion is not modified with respect to that matter.

As discussed in Note 1 to the financial statements, the Urban Affairs Coalition adopted provisions of Financial Accounting Standards Board Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. The new accounting standard clarifies how restricted cash is to be classified and presented in the statement of cash flows. Our opinion is not modified with respect to that matter.

**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 by program 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  
March 2, 2021

**URBAN AFFAIRS COALITION  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 3,659,271	\$ 523,753
Grants and Contracts Receivable	12,309,286	11,393,958
Reserve for Unemployment Claims	187,137	224,621
Restricted Investment Account	4,028,565	4,020,541
Notes Receivable	25,489	39,289
Prepaid Expenses and Other Assets	436,109	340,341
Total Current Assets	20,645,857	16,542,503
<b>PROPERTY AND EQUIPMENT</b>	187,949	229,626
<b>OTHER ASSETS</b>		
Investment	68,914	68,914
Deposits	146,494	199,306
Total Other Assets	215,408	268,220
Total Assets	\$ 21,049,214	\$ 17,040,349
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ 4,324,330	\$ 5,590,502
Paycheck Protection Program Loan	4,147,700	-
Accounts Payable and Accrued Expenses	2,616,865	2,943,603
Accrued Payroll and Payroll Taxes	934,313	508,295
WCEF Liability	6,450,526	6,450,526
Unemployment Liability Payable	58,429	93,939
Deferred Revenue	1,344,997	496,162
Total Current Liabilities	19,877,160	16,083,027
<b>LONG-TERM LIABILITIES</b>		
Deferred Rent	2,173	217
Total Liabilities	19,879,333	16,083,244
<b>NET ASSETS</b>		
Without Donor Restrictions (Deficit)	(1,323,349)	(1,174,064)
With Donor Restrictions	2,493,230	2,131,169
Total Net Assets	1,169,881	957,105
Total Liabilities and Net Assets	\$ 21,049,214	\$ 17,040,349

See accompanying Notes to Financial Statements.

**URBAN AFFAIRS COALITION  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Grants and Contracts	\$ 39,632,159	\$ -	\$ 39,632,159
Contributions	742,603	4,333,012	5,075,615
Consulting Fees	1,051,082	-	1,051,082
Other Revenues	422,194	-	422,194
Donated Services	6,801	-	6,801
Total	41,854,839	4,333,012	46,187,851
Net Assets Released from Restrictions:			
Satisfaction of Purpose Restrictions	3,970,951	(3,970,951)	-
Total Support and Revenue	45,825,790	362,061	46,187,851
<b>EXPENSES</b>			
Program Services:			
Community Intervention and Support	12,364,364	-	12,364,364
Homelessness	15,282,875	-	15,282,875
Economic Development	1,380,364	-	1,380,364
Education	9,302,240	-	9,302,240
AIDS Services	1,197,874	-	1,197,874
Employment Training	1,052,700	-	1,052,700
Healthcare	155,874	-	155,874
Research and Evaluation	94,753	-	94,753
Total Program Services	40,831,044	-	40,831,044
Supporting Services:			
General and Administrative	4,717,365	-	4,717,365
Fundraising	426,666	-	426,666
Total Supporting Services	5,144,031	-	5,144,031
Total Expenses	45,975,075	-	45,975,075
<b>CHANGE IN NET ASSETS</b>	(149,285)	362,061	212,776
Net Assets (Deficit) - Beginning of Year	(1,174,064)	2,131,169	957,105
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	\$ (1,323,349)	\$ 2,493,230	\$ 1,169,881

See accompanying Notes to Financial Statements.

**URBAN AFFAIRS COALITION  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Grants and Contracts	\$ 32,986,556	\$ -	\$ 32,986,556
Contributions	189,033	4,084,627	4,273,660
Consulting Fees	1,274,584	-	1,274,584
Other Revenues	478,673	-	478,673
Total	34,928,846	4,084,627	39,013,473
 Net Assets Released from Restrictions			
Satisfaction of Purpose Restrictions	4,484,856	(4,484,856)	-
Total Support and Revenue	39,413,702	(400,229)	39,013,473
 <b>EXPENSES</b>			
Program Services:			
Community Intervention and Support	8,850,199	-	8,850,199
Homelessness	13,322,424	-	13,322,424
Economic Development	1,496,448	-	1,496,448
Education	8,216,962	-	8,216,962
AIDS Services	1,265,648	-	1,265,648
Employment Training	1,127,953	-	1,127,953
Healthcare	148,790	-	148,790
Research and Evaluation	118,879	-	118,879
Total Program Services	34,547,303	-	34,547,303
Supporting Services:			
General and Administrative	4,107,063	-	4,107,063
Fundraising	145,847	-	145,847
Total Supporting Services	4,252,910	-	4,252,910
Total Expenses	38,800,213	-	38,800,213
 <b>CHANGE IN NET ASSETS</b>	613,489	(400,229)	213,260
 Net Assets (Deficit) - Beginning of Year	(1,787,553)	2,531,398	743,845
 <b>NET ASSETS (DEFICIT) - END OF YEAR</b>	\$ (1,174,064)	\$ 2,131,169	\$ 957,105

See accompanying Notes to Financial Statements.

**URBAN AFFAIRS COALITION  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020**

<b>Expenses</b>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 21,513,797	\$ 2,844,704	\$ 168,833	\$ 24,527,334
Consultants and Contract Services	10,183,397	479,600	184,887	10,847,884
Program Grants	70,000	14,500	-	84,500
Facilities	4,096,671	283,098	4,098	4,383,867
Travel and Conferences	421,881	79,695	56,379	557,955
Supplies	243,359	39,446	195	283,000
Bad Debt	-	64,788	-	64,788
Advertising	91,075	25	12	91,112
Telephone	546,321	72,257	1,610	620,188
Printing	45,088	18,912	-	64,000
Insurance	1,006,703	44,115	2,093	1,052,911
Professional Fees	241,765	148,143	1,588	391,496
Program Activities and Services	976,186	9,889	332	986,407
Postage and Delivery	11,093	6,310	164	17,567
Training	165,795	28,837	144	194,776
Computer	516,921	97,152	2,587	616,660
Miscellaneous	263,028	192,752	1,904	457,684
Interest and Bank Fees	2,388	184,147	1,840	188,375
Shelter	435,576	-	-	435,576
Depreciation	-	108,995	-	108,995
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total Expenses	<u>\$ 40,831,044</u>	<u>\$ 4,717,365</u>	<u>\$ 426,666</u>	<u>\$ 45,975,075</u>

See accompanying Notes to Financial Statements.



**URBAN AFFAIRS COALITION**  
**STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

<b>Expenses</b>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 17,194,119	\$ 2,575,924	\$ 90,515	\$ 19,860,558
Consultants and Contract Services	8,314,684	359,233	37,453	8,711,370
Program Grants	48,000	10,140	-	58,140
Facilities	4,060,419	262,800	3,498	4,326,717
Travel and Conferences	395,707	37,459	1,265	434,431
Supplies	231,875	24,129	71	256,075
Bad Debt	-	22,650	-	22,650
Advertising	43,373	29	-	43,402
Telephone	411,012	52,689	1,105	464,806
Printing	70,792	23,255	535	94,582
Insurance	792,361	44,811	1,269	838,441
Professional Fees	193,431	50,916	2,439	246,786
Program Activities and Services	895,777	21,265	3,609	920,651
Postage and Delivery	8,689	3,975	151	12,815
Training	152,700	110,525	1,230	264,455
Computer	959,687	43,575	1,043	1,004,305
Miscellaneous	277,049	191,877	471	469,397
Interest and Bank Fees	1,487	176,051	1,193	178,731
Shelter	496,141	-	-	496,141
Depreciation	-	95,760	-	95,760
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Expenses	<u>\$ 34,547,303</u>	<u>\$ 4,107,063</u>	<u>\$ 145,847</u>	<u>\$ 38,800,213</u>

See accompanying Notes to Financial Statements.

**URBAN AFFAIRS COALITION  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019 As Restated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 212,776	\$ 213,260
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	108,995	95,760
Provision for Allowance for Doubtful Accounts	84,788	22,650
(Increase) Decrease in Assets:		
Grants and Contracts Receivable	(980,116)	(3,192,921)
Pledges Receivable	-	23,650
Prepaid Expenses	(95,768)	(81,449)
Reserve for Unemployment Claims	37,484	50,150
Deposits	52,812	17,896
Increase (Decrease) in Liabilities:		
Outstanding Checks	-	(431,469)
Accounts Payable and Accrued Expenses	(326,738)	220,606
Accrued Payroll and Payroll Taxes	426,018	91,595
Deferred Rent Obligation	1,956	(2,058)
Unemployment Liability Payable	(35,510)	27,471
Deferred Revenue	848,835	439,287
Net Cash Provided (Used) by Operating Activities	335,532	(2,505,572)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in Notes Receivable	(6,200)	(30,000)
Purchases of Furniture and Equipment	(67,318)	(64,236)
Net Cash Used by Investing Activities	(73,518)	(94,236)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on Paycheck Protection Program Loan	4,147,700	-
Payments on Line of Credit	(38,233,746)	(26,489,720)
Proceeds from Line of Credit	36,967,574	29,354,293
Net Cash Provided by Financing Activities	2,881,528	2,864,573
<b>NET INCREASE IN CASH AND RESTRICTED CASH</b>	3,143,542	264,765
Cash and Cash Equivalents - Beginning of Year	4,544,294	4,279,529
<b>CASH AND RESTRICTED CASH - END OF YEAR</b>	\$ 7,687,836	\$ 4,544,294
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest Paid	\$ 153,521	\$ 161,020
<b>RECONCILIATION OF CASH AND RESTRICTED CASH TO STATEMENTS OF FINANCIAL POSITION</b>		
Cash and Cash Equivalents	\$ 3,659,271	\$ 523,753
Restricted Cash	4,028,565	4,020,541
Total Cash and Restricted Cash	\$ 7,687,836	\$ 4,544,294

See accompanying Notes to Financial Statements.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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 560 employees, 80 partner organizations and 3 community projects, 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, 2020, UAC programs served more than 250,000 children, youth and adults through a variety of programming, including:

- Youth Development
- Youth Employment
- Adult Education
- Digital Literacy
- Job Training
- Small Business Development
- Anti-predatory Lending; Economic Inclusion
- HIV/AIDS Prevention
- Diversity Inclusion and Equity
- Financial Education
- Homeless and Transitional Housing
- Violence Prevention
- Community Empowerment

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 two 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, 2020 AND 2019**

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

**Classification of Net Assets (Continued)**

*Net Assets Without Donor Restrictions*

A portion of net assets is not subject to donor-imposed restrictions. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

*Net Assets With Donor Restrictions*

A portion of net assets subject to donor-imposed restrictions related to a specific time period or purpose. When a restriction expires, 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 donor restrictions. At June 30, 2020 and 2019, the Coalition had \$2,493,230 and \$2,131,169, respectively, in net assets with donor restrictions whose donor imposed restriction was not in perpetuity.

Net assets subject to donor-imposed stipulations 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 would be considered perpetual net assets with donor restrictions. Investment income from these net assets is included in net assets without donor restrictions, unless otherwise restricted. At June 30, 2020 and 2019, there were no perpetual net assets with donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are generally reported as decreases in net assets without donor restrictions. Expirations of donor-imposed stipulations that simultaneously increase one class of net assets and decrease another are reported as the satisfaction of net assets with a purpose restriction.

**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 Restricted Cash**

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. Restricted cash represents unexpended funds to be used as part of the payment on the World Communication Education Foundation contingent liability, see Note 15.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**Contracts and Grants Receivable**

Contracts and Grants receivable are stated at the amount management expects to collect from outstanding balances. The Coalition's net receivables are presented of an allowance for doubtful accounts. The Coalition will evaluate its contracts and grants receivable and establishes an allowance for doubtful accounts based on their history of past write-offs, economic conditions and conditions surrounding contracts and disallowed costs. Management had determined an allowance of \$86,682 and \$21,894 for the years ended June 30, 2020 and 2019, respectively.

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.

**Property and Equipment**

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 straight-line basis over the estimated useful lives.

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

Furniture and Fixtures	5 Years
Leasehold Improvements	5 Years
Office Equipment	3 Years

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**Grants and Contracts**

The Coalition evaluates grant agreements to determine if the contract represent reciprocal transactions or nonreciprocal transactions (contributions). Revenues from nonreciprocal transactions may be subject to conditions in the form of both a barrier to entitlement and a refund of amounts paid (or a release from obligations to make future payments). Revenues from nonreciprocal transactions are recognized when the barrier is satisfied. Conditional government grants, contract funds and federated campaigns are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each contract, are made. Funds received but not yet earned are shown as deferred revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Coalition will record such disallowance at the time the final assessment is made.

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Coalition for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Laws and regulations governing these programs are complex and subject to interpretation. The Coalition believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future regulatory review and interpretation.

**Consulting Fee for Service Arrangements**

Consulting Fee for Service arrangements are reported at the estimated net realizable amounts from consumers, third-party payors, and others for services rendered, including estimated retroactive settlements under reimbursement agreements with third-party payors. Payment arrangements include consulting fee-for-service rates based on types of services provided to clients of the Coalition. The ultimate determination of revenues under certain fee-based programs is based upon allowable costs to be reported to, and audited by, grantors and/or their agents. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined.

**Contributions**

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) within the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending upon the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to nets assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**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 financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Coalition. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Indirect costs are allocated between programs and supporting services in proportion to direct expenses, as estimated by management.

**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.

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:

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**Fair Value of Financial Instruments (Continued)**

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.

**Change in Accounting Principle**

The Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. The Coalition adopted this guidance as of July 1, 2019. The adoption did not have a material impact on the Coalition's financial statements.

In 2019, the Coalition adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period total amounts shown on the statement of cash flows. The Coalition has adjusted the presentation of these financial statements accordingly. ASU No. 2016-18 has been applied retrospectively to all periods presented.



**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**Change in Accounting Principle (Continued)**

As a result of the adoption of ASU No. 2016-18, the statements of cash flows of the Coalition as of June 30, 2019 were restated as follows:

	After Adoption of ASU No. 2016-18	As Originally Presented
Gains in Restricted Cash Available for Repayment	\$ -	\$ (7,877)
Net Cash Used by Operating Activities	(2,505,572)	(2,513,449)
Net Increase in Cash and Restricted Cash	264,765	-
Cash and Restricted Cash, Beginning	4,279,529	-
Cash and Restricted Cash, Ending	4,544,294	-
Net Increase in Cash	-	256,888
Cash, Beginning	-	266,865
Cash, Ending	-	523,753

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The ASU establishes guidance that will result in a more faithful representation of the rights and obligations arising from leases by requiring lessees to recognize the lease assets and lease liabilities that arise from leases in the statement of financial position and to disclose qualitative and quantitative information about lease transactions. The new guidance will result in fewer opportunities for organizations to structure leasing transactions to achieve a particular accounting outcome on the statement of financial position and will improve the understanding and comparability of lessees' financial commitments regardless of the manner they choose to finance the assets used in their businesses. The provisions of ASU 2016-02 are effective for fiscal years beginning after December 15, 2020 with early adoption is permitted. With the issuance of ASU 2020-05 this lease standard has been deferred for fiscal years beginning after December 15, 2021. The Coalition is assessing the impact this standard will have on its financial statements.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 by one year.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**Recent Accounting Pronouncements (Continued)**

In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)*, which deferred the effective date by an additional year. ASU 2014-09 is now effective for annual periods beginning after December 15, 2019. The Coalition has elected to defer this adoption and is assessing the impact this standard will have on its financial statements.

**Subsequent Events**

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through March 2, 2021, the date the financial statements were available to be issued.

**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>2020</u>	<u>2019</u>
City of Philadelphia	\$ 9,667,100	\$ 7,732,041
Philadelphia Works	709,324	524,409
Philadelphia Youth Network	602,169	523,871
Public Health Management Corporation	335,899	1,398,979
Commonwealth of Pennsylvania	108,730	316,667
Federal Programs	30,134	90,736
Foundations	121,710	57,288
Corporations	-	250,000
Other	820,902	521,861
Total	<u>12,395,968</u>	<u>11,415,852</u>
Less: Allowance for Doubtful Accounts	86,682	21,894
Total Grants and Contracts	<u><u>\$ 12,309,286</u></u>	<u><u>\$ 11,393,958</u></u>

**NOTE 3 NOTES RECEIVABLE**

As of June 30, 2020, the Coalition had three 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 were due at various times through 2020.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 3 NOTES RECEIVABLE (CONTINUED)**

At June 30, 2020, 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	\$ 114,330	\$ 88,841	\$ 25,489
Receivable in One to Five Years	-	-	-
Total Notes Receivable	\$ 114,330	\$ 88,841	\$ 25,489

At June 30, 2019, 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	\$ 108,129	\$ 68,840	\$ 39,289
Receivable in One to Five Years	-	-	-
Total Notes Receivable	\$ 108,129	\$ 68,840	\$ 39,289

**NOTE 4 PROPERTY AND EQUIPMENT**

As of June 30, 2020 and 2019, property and equipment consisted of the following:

	2020	2019
Furniture and Equipment	\$ 529,515	\$ 462,198
Leasehold Improvements	87,904	87,904
Subtotal	617,419	550,102
Less: Accumulated Depreciation	429,470	320,476
Total Property and Equipment	\$ 187,949	\$ 229,626

Depreciation expense for the years ended June 30, 2020 and 2019 was \$108,995 and \$95,760 respectively.

**NOTE 5 INVESTMENT**

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

	June 30, 2020		June 30, 2019	
	Cost	Fair Value	Cost	Fair Value
Investment in United Bank of Philadelphia	\$ 475,000	\$ 68,914	\$ 475,000	\$ 68,914

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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, 2020 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, 2019 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>

**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, 2020 and 2019, respectively:

Beginning Balance - July 1, 2019	\$ 68,914
Unrealized Loss on Investments Held as of June 30, 2020	<u>-</u>
Ending Balance - June 30, 2020	<u>\$ 68,914</u>
Beginning Balance - July 1, 2018	\$ 68,914
Unrealized Loss on Investments Held as of June 30, 2019	<u>-</u>
Ending Balance - June 30, 2019	<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.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 7 DEBT**

**Line of Credit**

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 was 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.

On August 25, 2017, the Coalition modified its revolving line of credit agreement with Univest 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.

On March 28, 2018, the Coalition amended its revolving line of credit agreement to increase its total borrowings from \$5,000,000 to \$7,500,000. On March 27, 2020, the Coalition had again amended this agreement to increase its total borrowing limit from \$7,500,000 to \$8,500,000. This revolving line of credit through its amendments has been used to support the additional business brought in by the Coalition from contracts and other arrangements from both government and nongovernment sources through 2021. This revolving line of credit agreement will expire on March 27, 2021.

As part of the third amendment to the revolving line of credit the bank had modified its financial covenant, where the Coalition has agreed to maintain a minimum debt service coverage ratio of 1.05x as measured at fiscal year-end. The "Debt Coverage Ratio" is defined as the ratio of (a) the Coalition's change in net assets plus interest expense, and all noncash expenses, divided by current portion of long-term debt (excluding the one year line of credit), lease and interest expense. For the year ended June 30, 2020, the Coalition is in compliance with this covenant.

UAC's Univest Operating account is a sweep account attached to the line of credit. At the end of the day, any balance remaining in the operating account is swept against the line of credit; therefore, the operating account balance is usually zero at the end of the day.

For the years ended June 30, 2020 and 2019, the balance outstanding on this line of credit agreement was \$4,324,330 and \$5,590,502, respectively.

Interest expense on the line of credit was \$153,521 and \$161,020 for the years ended June 30, 2020 and 2019, respectively.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 7 DEBT (CONTINUED)**

**Paycheck Protection Program Loan**

On May 3, 2020, the Coalition received a loan in the amount of \$4,147,700 through the federal Paycheck Protection Program (PPP). PPP funds are a form of low interest loans where some or all of the principal and interest may be eligible for forgiveness, subject to compliance and approval based off timing and use of funds in accordance with PPP guidelines. The PPP funds are subject to review and any amount deemed not forgiven will convert to an amortizing term loan payable and is due by May 1, 2022. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration.

For the year ended June 30, 2020, the outstanding balance on this loan was \$4,147,700 with accrued interest of \$6,913, respectively.

**NOTE 8 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, 2021. 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. On February 1, 2019, Achieving Reunification Center (ARC) had entered into a lease agreement and moved its location to 1211 Chestnut Street. This lease expires on January 31, 2029. The Coalition also leases space for its Center for Hope Program on 900 North Broad Street, Philadelphia, Pennsylvania, expiring August 31, 2024.

The Coalition also leases spaces for its Colours, Inc. program partner on 1211 Chestnut Street, Philadelphia, Pennsylvania expiring January 31, 2022. The Coalition also leases space at 1305 Susquehanna Avenue, 1303 Susquehanna Avenue, 1307 Susquehanna Avenue, 1447 Cayuga Street, 2326 Park Avenue, and 2120 W. Tioga Street, all in Philadelphia, Pennsylvania for the Self, Inc. programs expiring on June 30, 2022, with 2120 W. Tioga Street expiring on June 30, 2024, respectively. The Coalition has other lease agreements with terms expiring through August 31, 2024. The Coalition has additional lease agreements for its programs which are month-to-month and determined by need throughout the City of Philadelphia.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 8 OPERATING LEASES (CONTINUED)**

The minimum annual rental for all operating leases as of June 30, 2020 is as follows:

<u>Year Ending June 30,</u>	<u>Buildings</u>	<u>Copiers</u>	<u>Total</u>
2021	\$ 2,017,821	\$ 4,660	\$ 2,022,481
2022	1,596,477	-	1,596,477
2023	1,250,045	-	1,250,045
2024	1,171,625	-	1,171,625
2025	543,285	-	543,285
Thereafter	1,500,184	-	1,500,184
Total	<u>\$ 8,079,437</u>	<u>\$ 4,660</u>	<u>\$ 8,084,097</u>

For the years ended June 30, 2020 and 2019, rent expense was \$2,963,411 and \$2,933,339, respectively.

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

As of June 30, 2020 and 2019, net assets with donor restrictions are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Community Intervention and Support	\$ 2,028,900	\$ 1,655,860
AIDS Services	83,286	77,244
Economic Development	199,626	75,894
Education	75,159	244,705
Homelessness	106,259	77,466
Total	<u>\$ 2,493,230</u>	<u>\$ 2,131,169</u>

**NOTE 10 NET ASSETS RELEASED FROM DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by donors as follows for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Purpose Restriction Accomplished:		
Programs with Purpose Restrictions:		
Community Intervention and Support	\$ 2,813,713	\$ 3,684,689
AIDS Services	57,531	95,210
Economic Development	446,254	267,037
Education	159,039	150,356
Homelessness	494,414	287,564
Total	<u>\$ 3,970,951</u>	<u>\$ 4,484,856</u>

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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 \$137,345 and \$92,962 for the years ended June 30, 2020 and 2019, respectively.

Contributions accrued but unpaid as of June 30, 2020 and 2019 totaled \$167,891 and \$146,436, respectively.

**NOTE 12 SIGNIFICANT CONCENTRATIONS AND RISKS**

The Coalition received approximately 86% and 85% of its support and revenue from grants and contracts with government and nongovernment agencies for both the years ended June 30, 2020 and 2019, respectively.

**NOTE 13 DONATED SERVICES**

The Coalition received \$6,801 in donated legal services for the year ended June 30, 2020 . That amount was 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, 2020 and 2019, the activities within the Coalition's proprietary reserve account are as follows:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 224,621	\$ 274,771
Add:		
Coalition Contributions Made	85,716	81,251
Less:		
Claims Paid and Accrued	<u>(123,200)</u>	<u>(131,401)</u>
Ending Balance	<u>\$ 187,137</u>	<u>\$ 224,621</u>



**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**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, 2020 and 2019, the Coalition had recorded an estimated liability of \$58,429 and \$93,939, respectively, to cover these projected claims.

**NOTE 15 WORLD COMMUNICATION EDUCATION FOUNDATION CONTINGENT LIABILITY**

In June 2016, as a result of the decision of World Communications Charter School (WCCS) to close its charter school and wind up its affairs, the Coalition received an \$8,421,112 purpose-restricted contribution from WCCS to create the World Communications Education Foundation (WCEF) to be administered by the Coalition in order to provide scholarships to WCCS students and to fund projects consistent with the goals of WCCS. This contribution was recorded by the Coalition as with donor restrictions revenue for the year ended June 30, 2016.

In 2017, the Coalition became aware that the Attorney General of the Commonwealth Pennsylvania, acting as *parens patriae*, was reviewing the WCCS contribution in order to ensure that assets that were committed to WCCS are administered in a manner consistent with that organization's charitable purpose and the Charter School Law.

During the period July through December 2017, the Coalition released \$1,898,000 of the WCEF funds to WCCS in order to fund the payment of WCCS's final year operating expenses and the winding up of the Charter School's operations.

During 2018, the Coalition engaged in conversations with representatives of the Attorney General directed toward an amicable resolution of the Attorney General's proposal that any portion of the original WCCS contribution to the Coalition not yet expended by the Coalition be transferred to another educational entity. Management believes that, subject to further discussions with the Attorney General and the satisfactory completion of appropriate procedures, those discussions will likely result in the Coalition transferring \$6,450,526, representing the unexpended balance of WCEF funds, to another educational entity.

Under Generally Accepted Accounting Principles Standards in the United States of America for accounting for loss contingencies, (FASB ASC 450-20-20), the estimated loss from a loss contingency should be accrued when information available before the financial statements are to be issued indicates that it is probable that a loss has been incurred as of the financial statement date and the amount of the loss can be reasonably estimated. Accordingly, as of June 30, 2018, the Coalition recorded a \$6,450,526 noncurrent liability and WCEF assets are reflected as noncurrent assets on the statement of financial position. The statement of activities for the year ended June 30, 2018 reflects the release of \$6,450,526 from temporary (purpose) restrictions as a component of Education Program Expense.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 15 WORLD COMMUNICATION EDUCATION FOUNDATION CONTINGENT LIABILITY  
(CONTINUED)**

On August 9, 2019, the Office of Attorney General (OAG) filed a petition with Orphan's Court Division of the Court of Common Pleas of Philadelphia County to approve the transfer of the subject of funds to another educational entity. The WCCS filed an answer to the petition seeking the return of the funds. This petition is still pending. It is expected that the Coalition will disburse these funds during fiscal year 2021. For the year ended June 30, 2020, the amount of \$6,450,526 is included as a current liability and WCEF assets are reflected as current assets on the statement of financial position.

**NOTE 16 LIQUIDITY AND AVAILABILITY**

For the years ended June 30, 2020 and 2019, the Coalition has approximately \$13,662,464 and \$10,011,163 of financial assets available within one year of the balance sheet date consisting of cash of \$3,629,271 and \$523,753, grants and contracts receivable of \$12,309,286 and \$11,393,958, and a reserve for unemployment claims of \$187,137 and \$224,621, which has been reduced by \$2,493,230 and \$2,131,169 in nets assets with donor restrictions, respectively. None of the financial assets is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Grants and contracts receivable are subject to time or purpose restrictions, but will be collected within one year. The Coalition has a goal to maintain financial assets, which consist of cash, grants and contract receivable and reserve for unemployment claims on hand to meet 30 days of normal operating expenses, which are, on average approximately \$3,825,000 and \$3,200,000, respectively.

As more fully described in Note 7, the Coalition also has a line of credit agreement in the amount of \$8,500,000, of which \$4,324,330 has been borrowed at June 30, 2020.

The payments in connection with the World Communication Education Foundation (WCEF) Contingent Liability described in Note 15 above will adversely affect the Coalition's operating liquidity since \$2,429,985 of those payments must be funded by the Coalition's working capital or draws on its bank line of credit.

Management believes it will be successful in negotiating payment terms in connection with the satisfaction of the WCEF Contingent Liability that will enable the Coalition to sustain adequate levels of operating liquidity while also maintaining a sound relationship with its line of credit lender.

**NOTE 17 RISKS AND UNCERTAINTIES**

The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Coalition, COVID-19 has impacted various parts of its 2020 operations and financial results, including impacts to the programs of the Coalition and the local community who benefits from the programs and mission of the Coalition. Management believes the Coalition is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**URBAN AFFAIRS COALITION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 18 SUBSEQUENT EVENTS**

On 1/29/21, PNC Bank donated a former bank branch building, located at 4753 N. Broad, to UAC. The book value of the asset is approximately \$1.7m. The Donation Agreement between PNC Bank and UAC contains no restrictions regarding the use of the asset.

In July 2020, the Coalition won a competitive bid to assist Philadelphia Housing Development Corporation (PHDC) in executing payments to landlords as a part of Phase II of the PHDC's Emergency Rental Assistance Program ("ERAP"). The ERAP provides rent assistance to low-income households that recently became housing insecure due to a COVID-19 related loss of income. Phase II of ERAP Program was launched in July 2020 as a as part of the Statewide PA-CARES program, administered by Pennsylvania Housing Finance Agency. The source of funds is partially or fully comprised of federal CARES Act funds that either pass through the City of Philadelphia or the Commonwealth of Pennsylvania. Based on the successful execution of over \$14M in payments on behalf of PHDC, the Coalition was retained to assist with Phase III, which started 2021. The Coalition expects to execute a minimum of an additional \$6M in payments as directed by PHDC in this phase.

In July 2020, the Coalition received a grant of \$7,453,001 from the City of Philadelphia ("City") to assist with reducing the burden of COVID-19 in the City through COVID Containment. The Philadelphia Department of Public Health's Division of COVID Containment launched and is operating Logistics, Testing, and Isolation and Quarantine programs in response to the pandemic. These efforts, operated as a project under the Coalition, serve to conduct surveillance and provide education and social supports to the public help to contain the spread of COVID in Philadelphia.

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES BY PROGRAM  
YEAR ENDED JUNE 30, 2020**

<b>Expenses</b>	Community Intervention and Support	AIDS Services	Economic Development	Education	Employment Training
Personnel	\$ 7,926,231	\$ 839,950	\$ 777,090	\$ 1,204,752	\$ 722,698
Consultants and Contract Services	1,482,687	37,400	378,551	7,782,781	70,473
Program Grants	-	-	-	70,000	-
Facilities	879,453	125,553	112,332	72,637	76,936
Travel and Conferences	268,665	25,096	9,025	8,842	27,565
Supplies	120,347	7,658	4,406	14,205	29,052
Advertising	79,445	740	-	-	10,890
Telephone	210,542	17,076	22,027	78,742	13,692
Printing	22,840	4,411	5,029	2,180	10,295
Insurance	336,762	15,471	16,695	19,296	14,349
Professional Fees	38,303	3,194	4,050	3,898	2,977
Program Activities and Services	661,200	107,064	23,673	22,198	9,143
Postage and Delivery	4,358	-	765	75	5,792
Training	18,968	-	11,150	12,152	50,642
Computer	166,468	14,076	14,018	4,107	8,145
Miscellaneous	145,829	180	1,553	6,128	51
Interest and Bank Fees	1,528	5	-	247	-
Shelter	738	-	-	-	-
<b>Total Expenses</b>	<b>\$ 12,364,364</b>	<b>\$ 1,197,874</b>	<b>\$ 1,380,364</b>	<b>\$ 9,302,240</b>	<b>\$ 1,052,700</b>

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES BY PROGRAM (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

<b>Expenses</b>	<u>Homelessness</u>	<u>Healthcare</u>	<u>Research and Evaluation</u>	<u>Total Program</u>
Personnel	\$ 9,856,876	\$ 130,015	\$ 56,185	\$ 21,513,797
Consultants and Contract Services	419,542	3,000	8,963	10,183,397
Program Grants	-	-	-	70,000
Facilities	2,822,411	7,349	-	4,096,671
Travel and Conferences	61,883	2,692	18,113	421,881
Supplies	67,184	426	81	243,359
Advertising	-	-	-	91,075
Telephone	202,303	1,859	80	546,321
Printing	-	-	333	45,088
Insurance	600,509	2,530	1,091	1,006,703
Professional Fees	188,641	515	187	241,765
Program Activities and Services	142,811	6,972	3,125	976,186
Postage and Delivery	103	-	-	11,093
Training	72,367	516	-	165,795
Computer	303,621	-	6,486	516,921
Miscellaneous	109,183	-	104	263,028
Interest and Bank Fees	603	-	5	2,388
Shelter	434,838	-	-	435,576
	<u>434,838</u>	<u>-</u>	<u>-</u>	<u>435,576</u>
Total Expenses	<u>\$ 15,282,875</u>	<u>\$ 155,874</u>	<u>\$ 94,753</u>	<u>\$ 40,831,044</u>

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES BY PROGRAM  
YEAR ENDED JUNE 30, 2019**

<b>Expenses</b>	Community Intervention and Support	AIDS Services	Economic Development	Education	Employment Training
Personnel	\$ 4,750,077	\$ 926,950	\$ 822,094	\$ 1,362,791	\$ 861,461
Consultants and Contract Services	1,110,830	11,449	475,803	6,487,701	20,975
Program Grants	-	-	-	48,000	-
Facilities	1,189,655	124,909	93,132	78,934	59,723
Travel and Conferences	183,594	27,004	9,174	12,771	34,275
Supplies	96,387	24,936	19,335	20,913	19,982
Advertising	35,750	555	-	5,725	1,343
Telephone	178,662	17,994	24,332	19,711	12,671
Printing	26,198	4,855	9,919	12,031	16,674
Insurance	221,007	14,127	19,235	30,328	13,241
Professional Fees	27,003	3,490	5,229	17,838	3,393
Program Activities and Services	572,247	99,332	81	68,314	11,580
Postage and Delivery	3,643	-	1,594	846	2,598
Training	39,460	31	2,177	15,085	36,457
Computer	332,880	9,037	4,962	19,888	16,698
Miscellaneous	81,419	960	9,381	15,966	16,882
Interest and Bank Fees	1,248	19	-	120	-
Shelter	139	-	-	-	-
<b>Total Expenses</b>	<b>\$ 8,850,199</b>	<b>\$ 1,265,648</b>	<b>\$ 1,496,448</b>	<b>\$ 8,216,962</b>	<b>\$ 1,127,953</b>

**URBAN AFFAIRS COALITION  
SCHEDULE OF FUNCTIONAL EXPENSES BY PROGRAM (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

<b>Expenses</b>	<u>Homelessness</u>	<u>Healthcare</u>	<u>Research and Evaluation</u>	<u>Total Program</u>
Personnel	\$ 8,284,204	\$ 117,250	\$ 69,292	\$ 17,194,119
Consultants and Contract Services	179,781	-	28,145	8,314,684
Program Grants	-	-	-	48,000
Facilities	2,506,231	7,835	-	4,060,419
Travel and Conferences	110,316	3,404	15,169	395,707
Supplies	49,436	886	-	231,875
Advertising	-	-	-	43,373
Telephone	156,862	771	9	411,012
Printing	1,062	-	53	70,792
Insurance	490,619	1,805	1,999	792,361
Professional Fees	135,538	463	477	193,431
Program Activities and Services	129,177	13,655	1,391	895,777
Postage and Delivery	-	8	-	8,689
Training	59,290	-	200	152,700
Computer	575,259	-	963	959,687
Miscellaneous	148,547	2,713	1,181	277,049
Interest and Bank Fees	100	-	-	1,487
Shelter	496,002	-	-	496,141
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total Expenses	<u>\$ 13,322,424</u>	<u>\$ 148,790</u>	<u>\$ 118,879</u>	<u>\$ 34,547,303</u>

