
New Urban Arts

***Basic Financial Statements
With Independent Auditors' Report***

***FOR THE FISCAL YEAR ENDED
June 30, 2019***

PPA, LLP

NEW URBAN ARTS
AUDITED FINANCIAL STATEMENTS
Year Ended June 30, 2019

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PPA, LLP

Certified Public Accountants

Performance with a Purpose in Accounting

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
New Urban Arts
705 Westminster Street
Providence, RI 02903

Report on the Financial Statements

We have audited the accompanying financial statements of New Urban Arts (NUA), which comprise the Statement of Financial Position as of June 30, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NUA'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.

Report on Summarized Comparative Information

The accounting firm Aaronson, Lavoie, Streitfeld, Diaz & Co. PC. previously audited the NUA's 2018 financial statements, and they expressed an unmodified audit opinion on those audited financial statements their report dated October 23, 2018. In their opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Urban Arts as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, as of and for the years ended December 31, 2019 and 2018, NUA adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

PPA, LLP

PPA, LLP

Warwick, Rhode Island

January 28, 2020

NEW URBAN ARTS
Statement of Financial Position
June 30, 2019

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 299,930	\$ 225,554
Grants, accounts and pledges receivable, net	62,872	21,810
Prepaid expenses	9,024	11,481
Total current assets	<u>371,826</u>	<u>258,845</u>
Property and equipment, net of accumulated Depreciation and amortization	<u>984,287</u>	<u>1,017,010</u>
Total property plant and equipment	<u>984,287</u>	<u>1,017,010</u>
Deposit	-	1,283
Investments held for long-term purposes	220,115	172,128
Beneficial interest in assets held at Rhode Island Foundation	<u>57,347</u>	<u>57,152</u>
Total other assets	<u>277,462</u>	<u>230,563</u>
Total Assets	<u><u>\$ 1,633,575</u></u>	<u><u>\$ 1,506,418</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 7,997	\$ 14,249
Accrued payroll, vacation pay and payroll taxes	<u>27,623</u>	<u>17,124</u>
Total liabilities	<u>35,620</u>	<u>31,373</u>
Net Assets		
Without donor restrictions	1,366,024	1,283,514
With donor restrictions	<u>231,931</u>	<u>191,531</u>
Total net assets	<u>1,597,955</u>	<u>1,475,045</u>
Total Liabilities and Net Assets	<u><u>\$ 1,633,575</u></u>	<u><u>\$ 1,506,418</u></u>

See auditors' report and accompanying notes to these financial statements

NEW URBAN ARTS
Statement of Activities
Year Ended June 30, 2019

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Current Year Total	Prior Year Total
Operating Activities:				
Revenue and contributed support				
Governmental grants	\$ 264,895	\$ 12,000	\$ 276,895	\$ 276,273
Foundation and other grants	286,604	58,000	344,604	408,348
Fiscal sponsorship pass-through support	-	110,141	110,141	4,970
Capital campaign contributions	-	-	-	25,588
Donations	221,403	-	221,403	185,922
Fundraising event income, net of fundraising expenses				
(\$2,713 & \$1,977 for 2019 and 2018 respectively)	20,821	-	20,821	16,587
Program income	37,580	-	37,580	31,424
Change in market value of investments	10,248	-	10,248	(1,881)
Interest and dividends	8,100	-	8,100	15,008
Other income	2,906	-	2,906	4,954
Net assets released from restrictions		-	-	
Satisfaction of program restrictions	139,741	(139,741)	-	
Total Revenue and Support	<u>992,298</u>	<u>40,400</u>	<u>1,032,698</u>	<u>967,193</u>
Expenses:				
Program services	619,144	-	619,144	652,342
Managements and general	170,586	-	170,586	90,431
Developmental	120,058	-	120,058	103,635
Total Expenses	<u>909,788</u>	<u>-</u>	<u>909,788</u>	<u>846,408</u>
Change in Net Assets	82,510	40,400	122,910	120,785
Net Assets, Beginning of Year	<u>1,283,514</u>	<u>191,531</u>	<u>1,475,045</u>	<u>1,354,260</u>
Net Assets, End of Year	<u>\$ 1,366,024</u>	<u>\$ 231,931</u>	<u>\$ 1,597,955</u>	<u>\$ 1,475,045</u>

See auditors' report and accompanying notes to these financial statements

NEW URBAN ARTS
Statement of Functional Expenses
Year Ended June 30, 2019

	Program	Management and General	Development	Total	2018 Total
Personnel costs:					
Salaries	\$ 332,314	\$ 84,750	\$ 84,750	\$ 501,814	\$ 443,736
Payroll taxes	29,164	7,569	7,569	44,302	48,632
Health insurance	12,290	3,166	3,166	18,622	25,333
Pension	15,379	3,961	3,961	23,301	20,022
Stipends and consultants	57,012	-	941	57,953	28,940
Program supplies and expenses	93,258	-	-	93,258	95,800
Office expenses	-	4,793	872	5,665	4,446
Printing	-	-	3,884	3,884	11,814
Postage and delivery	-	-	1,511	1,511	3,628
Telephone and internet	3,018	777	777	4,572	4,231
Space costs	16,494	6,259	4,249	27,002	21,557
Accounting	-	12,318	-	12,318	10,497
Payroll fees	803	207	207	1,217	1,127
Staff development	2,599	3,236	3,500	9,335	11,762
Insurance	12,559	3,235	3,235	19,029	18,182
Travel and transportation	771	425	-	1,196	6,465
Subrecipients	43,483	-	-	43,483	48,687
Bank and credit card fees	-	677	1,436	2,113	3,961
Bad debt	-	-	-	-	250
Depreciation and amortization	-	39,213	-	39,213	37,338
Total Expenses	\$ 619,144	\$ 170,586	\$ 120,058	\$ 909,788	\$ 846,408

See auditors' report and accompanying notes to these financial statements

NEW URBAN ARTS
Statement of Cash Flows
Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Cash Flows from operating activities		
Change in net assets	\$ 122,910	\$ 120,785
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	39,213	37,338
Unrealized (gain) loss in market value of securities	6,105	1,881
Changes in operating assets and liabilities:		
Deposit	1,283	(1,283)
Grants, accounts and pledges receivable, net	(41,062)	(8,822)
Prepaid expenses	2,457	(2,395)
Construction in progress	-	5,848
Accounts payable and accrued expenses	(6,252)	2,972
Accrued payroll, vacation pay and payroll taxes	10,499	3,447
Net cash used by operating activities	<u>135,153</u>	<u>159,771</u>
Cash Flows from investing activities		
Investments held for long-term purposes	(54,092)	(11,762)
Beneficial interest in assets held at Rhode Island Foundation	(195)	(2,899)
Purchase of equipment	(6,490)	(8,895)
Building improvements	-	(52,211)
Website	-	-
Net cash flow provided(used) by investing activities	<u>(60,777)</u>	<u>(75,767)</u>
Net Increase (Decrease) in Cash	74,376	84,004
Cash at Beginning of Year	<u>225,554</u>	<u>141,550</u>
Cash at End of Year	<u><u>\$ 299,930</u></u>	<u><u>\$ 225,554</u></u>
Other Required Disclosures		
Total interest paid	<u><u>-</u></u>	<u><u>-</u></u>

See auditors' report and accompanying notes to these financial statements

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – DESCRIPTION OF ORGANIZATION

New Urban Arts (NUA) is a Rhode Island nonprofit corporation exempt from federal and state income taxes as a public charity under Section 501 (c)(3) of the Internal Revenue Code. The purpose of the organization is to support the development of Providence, Rhode Island teenagers through art and education programs, including workshops, unjudged art shows, and mentoring programs.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivable, payable, revenue and expense transactions.

Basis of Presentation

The financial statements of New Urban Arts have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Non-Profit Organizations” (The “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Academy and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Academy. The Academy’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, NUA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to NUA that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grants and Contracts Receivable

NUA carries its grants and contracts receivable at net realizable value. On a periodic basis, NUA evaluates its receivables and establishes an allowance for doubtful accounts, based on a history of past bad debt expense, collections and current credit conditions. A receivable is considered past due if NUA has not received payment within the stated terms. In the opinion of management, no allowance for doubtful accounts is necessary at June 30, 2019.

Property and Equipment

It is NUA's policy to capitalize property and equipment costing over \$500. Lesser amounts are expensed. Purchased property and equipment is recorded at cost. Donations of property and equipment is recorded as contributions at their estimated fair value. Depreciation is computed using the straight-line method over the estimated useful life of the assets.

Revenue Recognition

Contract and Grant Revenue

Contract and grant revenue is recognized as earned when services have been rendered and the provisions of the contracts or grants have been met. Revenue received, but not earned, is classified as a liability or as net assets with donor restrictions on the financial statements.

Contributions

Contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions support, depending on the existence and nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Donated Services

NUA records the value of donated goods and services at fair value at the date of donation. Donated services are recognized as contributions if the services create or enhance nonfinancial assets, or require specialized skills, are performed by people with those skills, and would otherwise be purchased by NUA.

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiscal Sponsorships

NUA is a fiscal sponsor for specific independent projects that further their own mission. As a fiscal sponsor, NUA provides organizational infrastructure and legal and tax-exempt status for this foundation. In the year ended June 30, 2019 NUA was a fiscal sponsor for one project, The Tikkun Olam Foundation.

Income Taxes

NUA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or unexpected can be claimed on a tax return should be recorded in the financial statements. Under this guidance, NUA may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of NUA and various positions related to potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ending June 30, 2019.

NUA is required to file Form 990 (Return of Organization Exempt From Income Tax) which is subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of the return. NUA is subject to examination by the IRS for tax years ending June 30, 2016 through 2018.

Fair Value Measurements

Authoritative guidance relating to fair value establishes a framework for measuring fair value and establishing a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad areas:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access. |
|---------|---|

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Level 2	Inputs to the valuation methodology include: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability (the unobservable inputs are developed based on the best information available in the circumstances and may include the agency's own data).

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

Expenses are charged directly to program, management or development cost centers based on specific identification where possible. Indirect expenses have been allocated based on management's judgment consistent with the previous year's allocations unless change is warranted.

Recent Accounting Pronouncements

The following is a summary of recent authoritative pronouncements that could impact the accounting, reporting, and/or disclosure of financial information by NUA.

In February 2016, the FASB issued ASU 2016-02, Leases, which is effective for annual periods beginning after December 15, 2020. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the Statement of Financial Position at the date of lease commencement.

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the Statement of Activities. This standard will be effective for NUA's year ending June 30, 2021, with early adoption permitted. NUA is currently in the process of evaluating the impact of adoption on the financial statements.

In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The standard is intended to simplify and improve how a not-for-profit organization classifies its net assets, as well as the information it presents in the financial statements and notes about its liquidity, financial performance, and cash flows. Net assets have been reduced to two classes (with and without donor restriction). The standard is effective NUA's year ending June 30, 2019 and was applied retrospectively to all periods presented. NUA has implemented this pronouncement for the fiscal year ending June 30, 2019.

NOTE 3 - CASH AND CASH EQUIVALENTS

NUA maintains its cash deposits in one institution. The carrying amount of deposits is separately displayed on the Statement of Financial Position as "Cash and Cash Equivalents". The bank statement balance amounts to \$311,555 which is subject to FDIC insurance limitations (See Note 14b). The difference between carrying amount and the bank balance is made up of outstanding checks.

NOTE 4 – RECEIVABLES

A. Grants and Contract Funds Receivable

Grants and contracts funds receivable include the value of certain services and grants. The balances of grants and contracts receivable were \$57,872 and \$19,913 at June 30, 2019 and 2018, respectively. Management considered all receivables to be fully collectible at June 30, 2019 and 2018.

B. Pledges Receivable

When a donor has unconditionally promised to contribute funds in future periods, NUA recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as contributions and as a receivable at net realizable value. Pledges expected to be collected in future years are recorded as contributions and as a receivable at the present value of expected future cash flows. The balances of pledges receivable were \$5,000 and \$1,897 at June 30, 2019 and 2018 respectively.

NUA uses the allowance method in estimating for uncollectable accounts. All receivables were considered collectible at June 30, 2019. Annual campaign pledges of \$250 were written off as uncollectible at June 30, 2018.

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5 – INVESTMENTS

NUA's investment assets are held in mutual funds and a money market fund and are considered Level 1 investments valued at market value. Investment performance for the years ended June 30, 2019 and 2018 are as follows.

	2019	2018
Balance, start of year	\$ 172,128	\$ 162,247
Dividends, net of fees	5,767	7,778
Unrealized gain (loss) in market value of investments	6,105	(1,537)
Transfers from checking	40,446	11,073
Transfers to checking	(4,331)	(7,433)
Balance, end of year	<u>\$ 220,115</u>	<u>\$ 172,128</u>

Investments at June 30, 2019 and 2018 consisted of:

	2019	2018
Money market funds	\$ 78,121	\$ 36,950
Mutual funds	141,994	135,178
Total	<u>\$ 220,115</u>	<u>\$ 172,128</u>

In 2009, the State of Rhode Island adopted the national Uniform Prudent Management of Institutional Funds Act (UPFIMA). The Board of Directors has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments funds while maintaining the purchasing power of those endowment assets over the long-term.

NOTE 6 – PROPERTY AND EQUIPMENT

Changes in property and equipment for the year ended June 30, 2019 are as follows:

Category	Balance Start of year	Additions	Deletions	Balance end of year
Land	\$ 128,994	\$ -	\$ -	\$ 128,994
Building and Improvements	965,125	-	-	965,125
Website	12,500	-	-	12,500
Furniture and Equipment	70,238	6,490	-	76,728
Total	1,176,857	6,490	-	1,183,347
Less accumulated depreciation and amortization	(159,847)	(39,213)	-	(199,060)
Net property and equipment	<u>\$ 1,017,010</u>	<u>\$ (32,723)</u>	<u>\$ -</u>	<u>\$ 984,287</u>

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 6 – PROPERTY AND EQUIPMENT (continued)

Changes in property and equipment for the year ended June 30, 2018 are as follows:

Category	Balance			Balance
	Start of year	Additions	Deletions	end of year
Land	\$ 128,994	\$ -	\$ -	128,994
Building and Improvements	912,914	52,211	-	965,125
Website	12,500	-	-	12,500
Furniture and Equipment	72,227	8,895	(10,884)	70,238
Total	1,126,635	61,106	(10,884)	1,176,857
Less accumulated depreciation and amortization	(133,393)	(37,338)	10,884	(159,847)
Net property and equipment	<u>\$ 993,242</u>	<u>\$ 23,768</u>	<u>\$ -</u>	<u>\$ 1,017,010</u>

NOTE 7 – LINE OF CREDIT

NUA has a \$75,000 revolving line of credit with a local bank with an interest rate at prime plus 0.5% but not less than 4% and the balance is payable on demand. There was no outstanding balance on the line at June 30, 2019 or 2018.

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, restricted by purpose or time, at June 30, 2019 and 2018 consisted of:

	Balance at June 30, 2018	With Donor Restrictions	Released From Restriction	Balance at June 30, 2019
Rhode Island Foundation	\$ 65,000	\$ 15,000	\$ 65,000	\$ 15,000
Providence Youth Arts Collaborative	4,398	-	20	4,378
Textron Charitable Trust	7,500	5,000	7,500	5,000
Pushed Learning Media	8,864	1,500	10,364	-
Cox Charities	-	6,500	-	6,500
The Bank of America Charitable Foundation	5,000	10,000	10,000	5,000
Rhode Island Council for the Humanities	10,800	12,000	12,000	10,800
Tikkun Olam Funds (Note 10)	4,970	110,141	32,710	82,401
Otto York Foundation	-	20,000	-	20,000
Pledges Receivable, Net	575	-	575	-
Capital Campaign Pledge Receivable	1,572	-	1,572	-
	<u>\$ 108,679</u>	<u>\$ 180,141</u>	<u>\$ 139,741</u>	<u>\$ 149,079</u>

Net assets with donor restrictions, restricted in perpetuity, at June 30, 2019 and 2018 consisted of:

	2019	2018
The Bergman Fund	\$ 25,700	\$ 25,700
Beneficial interest in assets held at the Rhode Island Foundation	57,347	57,152
	<u>\$ 83,047</u>	<u>\$ 82,852</u>

The Bergman Fund consists of donations to set up an endowment fund. Income from the fund is used to pay for RISD work-study students to serve as stipend-paid volunteers in the after-school program. The endowment fund consists of funds held by an investment company.

The beneficial interest in assets consists of two (2) endowment funds that are part of the Rhode Island Foundation overall endowment. These funds are property of the Rhode Island Foundation. NUA receives periodic grants from the Rhode Island Foundation from these funds.

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE 9 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2019 and 2018 consists of:

	2019	2018
Invested in property and equipment, net of depreciation	\$ 984,287	\$ 1,017,010
Board designated endowment funds	10,167	7,076
Available for general activities	371,570	259,428
Total	<u>\$ 1,366,024</u>	<u>\$ 1,283,514</u>

NOTE 10 – FISCAL SPONSORSHIP

NUA is a fiscal sponsor for one project:

- Tikkun Olam Productions Incorporated is an educational documentary film organization, with the purpose of providing educational services to the general public.

The following is a summary of the revenues and expenses of the project, included in the financial statements, for the year ended June 30, 2019:

Revenues	\$ 110,141
Expenses	<u>32,710</u>
Net increase (decrease)	77,431
Net Assets	
prior year	<u>4,970</u>
Net Asset, end of year	<u>\$ 82,401</u>

NOTE 11 – SPECIAL EVENT REVENUE

NUA received the following funds from their fundraising events:

	2019	2018
Annual Event:		
Event Proceeds	\$ 21,375	\$ 17,328
Less direct expenses	<u>(2,713)</u>	<u>(1,977)</u>
Total annual event	<u>18,662</u>	<u>15,351</u>
Holiday Sale:		
Event Proceeds	2,159	1,236
Less direct expenses	<u>-</u>	<u>-</u>
Total holiday sale	<u>2,159</u>	<u>1,236</u>
Total fundraising events	<u>\$ 20,821</u>	<u>\$ 16,587</u>

**NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 12 - CONTINGENCIES

NUA operates under several funding contracts that obligate the organization to keep contract records available for audit or review for three to five years after the final report is submitted. These audits and reviews take place at the discretion of the funding source. In fiscal year 2019, a government agent came in and did a review of a grant and determined NUA was in compliance. No audits or reviews were conducted during the fiscal year ended June 30, 2018.

NOTE 13 – PENSION

NUA has a voluntary 403(b) payroll deduction plan and an employer funded SEP-IRA plan, which is currently fully funded. SEPIRA contributions can vary and contribution rates are set each year by the NUA board of directors. Pension expense for the years ended June 30, 2019 and 2018 totaled \$23,301 and \$20,022, respectively.

NOTE 14 – RISKS AND UNCERTAINTIES

A. Concentration of Funding

NUA received ten percent or more of its revenue and contributed support from the following sources for the year ended June 30, 2019:

Source	2019	
RIDE 21st CCLC	\$ 257,453	24.93%

NUA received ten percent or more of its revenue and contributed support from the following sources for the year ended June 30, 2018:

Source	2018	
United Way (Grant Funding)	\$ 103,238	10.67%
RIDE 21st CCLC	230,662	23.85%
	<u>\$ 333,900</u>	<u>34.52%</u>

B. Custodial Credit Risk

NUA maintains cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The amount of uninsured balance as of June 30, 2019 is \$61,555. NUA had no uninsured bank balance at June 30, 2018.

**NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 – CENTRAL EXPANSION SITE EXPENSES

During the year ended June 30, 2018, NUA started a separate after school program at Central High School specifically for Central High School students. This program includes other after school activities in addition to art programs.

Central expansion site expenses consist of the following for the year ended June 30, 2019 and 2018:

	2019	2018
Program salaries*	\$ 105,480	\$ 43,578
Payroll taxes	11,096	9,867
Operating expenses	37,050	66,858
Total	<u>\$ 153,626</u>	<u>\$ 120,303</u>

* For the year ended June 30, 2019, Program Salaries included contractors as well as normal salaries.

NOTE 16 – SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2018

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with NUA's financial statements for the year ended June 30, 2018 from which the summarized information was derived.

NOTE 17 – SUBSEQUENT EVENTS

In preparing these financial statements, the agency has evaluated events and transactions for potential recognition or disclosure through January 28, 2020, the date the financial statements were available to be issued.