
New Urban Arts

***Basic Financial Statements
With Independent Auditors' Report
(with summarized financial information from preceding year)***

***FOR THE FISCAL YEAR ENDED
June 30, 2020***

PPA, LLP

NEW URBAN ARTS
AUDITED FINANCIAL STATEMENTS
Year Ended June 30, 2020

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
AUDITED FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



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, 2020, 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.

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, 2020, 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.

PPA, LLP

Warwick, Rhode Island

April 29, 2022

NEW URBAN ARTS
Statement of Financial Position
June 30, 2020

	<u>ASSETS</u>	
	2020	2019
Current Assets		
Cash and cash equivalents	\$ 342,177	\$ 299,930
Grants, accounts and pledges receivable, net	84,806	62,872
Prepaid expenses	11,196	9,024
Total current assets	438,179	371,826
Property and equipment, net of accumulated Depreciation and amortization	1,095,663	984,287
Total property plant and equipment	1,095,663	984,287
Investments held for long-term purposes	164,877	220,115
Beneficial interest in assets held at Rhode Island Foundation	54,503	57,347
Total other assets	219,380	277,462
Total Assets	\$ 1,753,222	\$ 1,633,575
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,445	\$ 7,997
Accrued payroll, vacation pay and payroll taxes	53,282	27,623
Total current liabilities	55,727	35,620
Long-term Liabilities		
Paycheck Protection Program loan	126,400	-
Total long-term liabilities	126,400	-
Total Liabilities	182,127	35,620
Net Assets		
Without donor restrictions	1,311,786	1,366,024
With donor restrictions	259,309	231,931
Total net assets	1,571,095	1,597,955
Total Liabilities and Net Assets	\$ 1,753,222	\$ 1,633,575

See auditors' report and accompanying notes to these financial statements

NEW URBAN ARTS
Statement of Activities
Year Ended June 30, 2020

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Current Year Total	Prior Year Total
Operating Activities:				
Revenue and contributed support				
Governmental grants	\$ 262,261	\$ 7,020	\$ 269,281	\$ 276,895
Foundation and other grants	286,421	94,500	380,921	344,604
Fiscal sponsorship pass-through support	-	133,200	133,200	110,141
Capital campaign contributions	-	28,020	28,020	-
Donations	223,937	1,168	225,105	221,403
Fundraising event income, net of fundraising expenses (\$1,250 & \$2,713 for 2020 and 2019 respectively)	9,346	-	9,346	20,821
Program income	10,632	-	10,632	37,580
Change in market value of investments	6,043	-	6,043	10,248
Interest and dividends	6,714	-	6,714	8,100
Other income	5,453	-	5,453	2,906
Net assets released from restrictions	-	-	-	-
Satisfaction of program restrictions	236,530	(236,530)	-	-
Total Revenue and Support	<u>1,047,337</u>	<u>27,378</u>	<u>1,074,715</u>	<u>1,032,698</u>
 Expenses:				
Program services	742,677	-	742,677	619,144
Managements and general	207,433	-	207,433	170,586
Developmental	151,465	-	151,465	120,058
Total Expenses	<u>1,101,575</u>	<u>-</u>	<u>1,101,575</u>	<u>909,788</u>
 Change in Net Assets	(54,238)	27,378	(26,860)	122,910
 Net Assets, Beginning of Year	<u>1,366,024</u>	<u>231,931</u>	<u>1,597,955</u>	<u>1,475,045</u>
 Net Assets, End of Year	<u>\$ 1,311,786</u>	<u>\$ 259,309</u>	<u>\$ 1,571,095</u>	<u>\$ 1,597,955</u>

See auditors' report and accompanying notes to these financial statements

NEW URBAN ARTS
Statement of Functional Expenses
Year Ended June 30, 2020

	Program	Management and General	Development	Total	2019 Total
Personnel costs:					
Salaries	\$ 342,754	\$ 114,397	\$ 100,350	\$ 557,501	\$ 501,814
Payroll taxes	28,128	9,388	8,235	45,751	44,302
Health insurance	20,864	6,964	6,108	33,936	18,622
Total personnel costs	391,746	130,749	114,693	637,188	564,738
Other costs:					
Pension	12,327	4,114	3,609	20,050	23,301
Stipends and consultants	48,048	1,975	13,406	63,429	57,953
Program supplies and expenses	62,185	-	-	62,185	93,258
Office expenses	-	5,617	3,379	8,996	5,665
Printing	2,904	-	2,497	5,401	3,884
Postage and delivery	2,718	-	2,040	4,758	1,511
Telephone and internet	2,479	827	726	4,032	4,572
Space costs	18,138	6,054	5,310	29,502	27,002
Accounting	-	14,313	-	14,313	12,318
Payroll fees	815	272	239	1,326	1,217
Staff development	8,605	1,820	65	10,490	9,335
Insurance	13,767	5,358	4,031	23,156	19,029
Travel and transportation	531	-	-	531	1,196
Subrecipients	178,414	-	-	178,414	43,483
Bank and credit card fees	-	692	1,470	2,162	2,113
	350,931	41,042	36,772	428,745	305,837
Depreciation and amortization	-	35,642	-	35,642	39,213
Total Expenses	\$ 742,677	\$ 207,433	\$ 151,465	\$ 1,101,575	\$ 909,788

See auditors' report and accompanying notes to these financial statements

NEW URBAN ARTS
Statement of Cash Flows
Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>
Cash Flows from operating activities		
Change in net assets	\$ (26,860)	\$ 122,910
Adjustments to reconcile change in net assets to net cash from operating activities:		-
Depreciation and amortization	35,642	39,213
Unrealized (gain) loss in market value of securities	8,542	6,105
		-
Changes in operating assets and liabilities:		-
Deposit	-	1,283
Grants, accounts and pledges receivable, net	(21,934)	(41,062)
Prepaid expenses	(2,172)	2,457
Accounts payable and accrued expenses	(5,552)	(6,252)
Accrued payroll, vacation pay and payroll taxes	25,659	10,499
Net cash used by operating activities	<u>13,325</u>	<u>135,153</u>
		-
Cash Flows from investing activities		-
Investments held for long-term purposes	46,696	(54,092)
Beneficial interest in assets held at Rhode Island Foundation	2,844	(195)
Proceeds from Paycheck Protection Program loan	126,400	
Purchase of capital assets	(147,018)	(6,490)
Net cash flow provided(used) by investing activities	<u>28,922</u>	<u>(60,777)</u>
		-
		-
Net Increase (Decrease) in Cash	42,247	74,376
		-
Cash at Beginning of Year	<u>299,930</u>	<u>225,554</u>
		-
Cash at End of Year	<u><u>\$ 342,177</u></u>	<u><u>\$ 299,930</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, 2020

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, 2019.

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 Organization 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 Organization. The Organization’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, 2020

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, 2020.

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, 2020

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, 2020 NUA was a fiscal sponsor for one project, The Tikkun Olam Productions Incorporated.

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, 2020.

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 2019.

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, 2020

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.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Personnel costs	Time and Effort
Pension	Time and Effort
Stipends and consultants	Time and Effort
Program supplies and expenses	Time and Effort
Office expenses	Time and Effort

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Printing	Time and Effort
Postage and delivery	Time and Effort
Telephone and internet	Time and Effort
Space costs	Square Footage
Accounting	Full Time Equivalent
Payroll fees	Time and Effort
Staff development	Time and Effort
Insurance	Square Footage
Travel and transportation	Time and Effort
Subrecipients	Full Time Equivalent
Bank and credit card fees	Time and Effort

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.

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, 2020 and was applied retrospectively to all periods presented. NUA has implemented this pronouncement for the fiscal year ending June 30, 2020.

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 \$347,053 which is subject to FDIC insurance limitations (See Note 15b). The difference between carrying amount and the bank balance is made up of outstanding checks.

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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 \$83,643 and \$5,000 at June 30, 2020 and 2019, respectively. Management considered all receivables to be fully collectible at June 30, 2020 and 2019.

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 \$1,163 and \$57,872 at June 30, 2020 and 2019 respectively.

NUA uses the allowance method in estimating for uncollectable accounts. All receivables were considered collectible at June 30, 2020 and 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, 2020 and 2019 are as follows.

	2020	2019
Balance, start of year	\$ 220,115	\$ 172,128
Dividends, net of fees	4,239	5,767
Unrealized gain (loss) in market value of investments	8,542	6,105
Transfers from checking	16,999	40,446
Transfers to checking	(85,018)	(4,331)
Balance, end of year	<u>\$ 164,877</u>	<u>\$ 220,115</u>

Investments at June 30, 2020 and 2019 consisted of:

	2020	2019
Money market funds	\$ 20,757	\$ 78,121
Mutual funds	144,120	141,994
Total	<u>\$ 164,877</u>	<u>\$ 220,115</u>

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 – INVESTMENTS (continued)

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, 2020 are as follows:

Category	Balance Start of year	Additions	Deletions	Balance end of year
Land	\$ 128,994	\$ -	\$ -	128,994
Building and Improvements	965,125	143,688	-	1,108,813
Website	12,500	-	-	12,500
Furniture and Equipment	76,728	3,330	-	80,058
Total	1,183,347	147,018	-	1,330,365
Less accumulated depreciation and amortization	(199,060)	(35,642)		(234,702)
Net property and equipment	\$ 984,287	\$ 111,376	\$ -	\$ 1,095,663

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	\$ 1,017,010	\$ (32,723)	\$ -	\$ 984,287

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, 2020 or 2019.

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, NUA received a loan of \$126,400 through the Small Business Administration (SBA) from a bank under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP Provides loans to qualifying businesses for payroll, benefits, rent and utilities. The loan and accrued interest are forgivable after eight weeks provided NUA uses the loan for the intended purpose. The loan forgiveness is reduced if NUA terminates or reduces employee salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. NUA intends to use proceeds for the purpose consistent with the PPP.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions, restricted by purpose or time, at June 30, 2020 and 2019 consisted of:

	Balance at June 30, 2019	With Donor Restrictions	Released From Restriction	Balance at June 30, 2020
Rhode Island Foundation	\$ 15,000	\$ 4,000	\$ 15,000	\$ 4,000
Providence Youth Arts Collaborative	4,378	14	-	4,392
Textron Charitable Trust	5,000	2,500	5,000	2,500
Pushed Learning Media	-	-	-	-
Cox Charities	6,500	6,500	6,500	6,500
The Bank of America Charitable Foundation	5,000	-	5,000	-
Rhode Island Council for the Humanities	10,800	7,020	10,800	7,020
Tikkun Olam Funds (Note 11)	82,401	133,200	174,230	41,371
Otto York Foundation	20,000	-	20,000	-
Champlin Foundation	-	10,000	-	10,000
June Rockwell Levy	-	7,500	-	7,500
Providence Shelter for Colored Children	-	4,000	-	4,000
Stranahan Foundation	-	35,000	-	35,000
United Way of Rhode Island (COVID Rollover)	-	25,000	-	25,000
Pledges Receivable, Net	-	1,168	-	1,168
Capital Campaign Pledge Receivable	-	28,020	-	28,020
	\$ 149,079	\$ 263,922	\$ 236,530	\$ 176,471

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions, restricted in perpetuity, at June 30, 2020 and 2019 consisted of:

	2020	2019
The Bergman Fund	\$ 25,700	\$ 25,700
Beneficial interest in assets held at the Rhode Island Foundation	54,503	57,347
	<u>\$ 80,203</u>	<u>\$ 83,047</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.

NOTE 10 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions at June 30, 2020 and 2019 consists of:

	2020	2019
Invested in property and equipment, net of depreciation	\$ 1,092,084	\$ 984,287
Board designated endowment funds	11,760	10,167
Available for general activities	207,304	371,570
Total	<u>\$ 1,311,148</u>	<u>\$ 1,366,024</u>

NOTE 11 – 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, 2020:

Revenues	\$ 133,200
Expenses	174,230
Net increase (decrease)	<u>(41,030)</u>
Net Assets, prior year	<u>82,401</u>
Net Asset, end of year	<u><u>\$ 41,371</u></u>

NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12 – SPECIAL EVENT REVENUE

NUA received the following funds from their fundraising events:

	2020	2019
Annual Event:		
Event Proceeds	\$ 7,915	\$ 21,375
Less direct expenses	(1,250)	(2,713)
Total annual event	<u>6,665</u>	<u>18,662</u>
 Holiday Sale:		
Event Proceeds	2,681	2,159
Less direct expenses	-	-
Total holiday sale	<u>2,681</u>	<u>2,159</u>
 Total fundraising events	<u><u>\$ 9,346</u></u>	<u><u>\$ 20,821</u></u>

NOTE 13 - 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. No audits or reviews were conducted during the fiscal year ended June 30, 2020 or 2019.

NOTE 14 – 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, 2020 and 2019 totaled \$20,050 and \$23,301, respectively.

NOTE 15 – 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, 2020:

Source	2020	
RIDE 21st CCLC	<u>203,645</u>	18.95%

**NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 15 – RISKS AND UNCERTAINTIES (continued)

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%

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, 2020 and 2019 totaled \$97,053 and \$61,555, respectively.

NOTE 16 – CENTRAL EXPANSION SITE EXPENSES

During the year ended June 30, 2019, 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, 2020 and 2019:

	2020	2019
Program salaries*	\$ 98,352	\$ 105,480
Payroll taxes	7,495	11,096
Operating expenses**	32,581	37,050
Total	<u>\$ 138,428</u>	<u>\$ 153,626</u>

* Includes Central Expansion Director, contractors, and a portion of NUA's Deputy Director's salary, representing their time on the program.

** Includes operating expenses and portions of Executive Director's and Business Manager's salaries, representing their time providing administrative support to the project.

**NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 17 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents NUA's financial assets at June 30, 2020:

Financial assets at year-end:

Cash and cash equivalents	\$ 342,177
Grants, accounts and pledges receivable, net	84,806
Prepaid expenses	11,196

Less amounts not available to be used within one year:

Prepaid expenses	(11,196)
Net assets with donor restrictions	<u>(259,309)</u>

Financial assets available to meet general expenditures

over the next twelve (12) months	<u><u>\$ 167,674</u></u>
----------------------------------	--------------------------

NUA has a policy to manage their liquidity and revenue with the objective of maintaining adequate liquidity to fund near-term operations and maintaining sufficient reserves to provide reasonable assurances that long-term obligations will be met. NUA's primary sources of financial assets are government grants, foundation and other grants and donations. Much of that support is not subject to restriction. Management believes that currently available financial assets are adequate to fund operations for the coming three months. Additional investment income will be utilized to fund operations for the balance of the year.

NOTE 18 – SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2020

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, 2019 from which the summarized information was derived.

**NEW URBAN ARTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

NOTE 19 – SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 7, 2022, the date the financial statements were available to be issued.

During the fiscal year ended June 30, 2020, the World Health Organization declared the spread of novel strain of coronavirus (COVID -19) to constitute a “Public Health Emergency of International Concern”. The spread of COVID-19 has begun to cause disruption in the US economy. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. At this time, the extent to which COVID-19 may impact the Organization’s financial position or results of activities cannot be reasonably estimated. Subsequent to year end, the situation is ongoing.

Subsequent to year end in February 2021, the Paycheck Protection Program loan in the amount of \$126,400 was forgiven.

Subsequent to year end, in July 2020, Freedom National Bank, New Urban Arts' bank, was acquired by Bristol County Savings Bank. Bristol County Savings Bank is a member of the Depositors Insurance Fund (DIF), which it is eligible for because it is chartered in the state of Massachusetts. The DIF is a private, industry-sponsored insurance fund that insures all deposits at member banks, above Federal Deposit Insurance Corporation (FDIC) limits (See Note 15b).