

URBAN LEAGUE OF
NORTHWEST INDIANA, INC.

AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Urban League of Northwest Indiana, Inc.
Gary, Indiana

Opinion

We have audited the accompanying financial statements of Urban League of Northwest Indiana, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban League of Northwest Indiana, Inc. as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Urban League of Northwest Indiana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Urban League of Northwest Indiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that included our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Urban League of Northwest Indiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban League of Northwest Indiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

McMahon & Associates CPAs P.C.

McMahon & Associates Certified Public Accountants, P.C.
Munster, Indiana

August 11, 2022

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 531,053	\$ 334,003
Certificates of deposit	20,012	40,010
Accounts receivable	100	300
Prepaid expenses	2,614	2,187
Total current assets	<u>553,779</u>	<u>376,500</u>
 <u>FIXED ASSETS (NET)</u>	 72,497	 62,419
 <u>LONG-TERM ASSETS - CD</u>	 <u>60,060</u>	 <u>0</u>
 <u>TOTAL ASSETS</u>	 <u>\$ 686,336</u>	 <u>\$ 438,919</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Note payable - current portion	\$ 0	\$ 191
Accounts payable	17,557	4,035
Other accrued liabilities	4,866	4,498
Deferred revenue	31,313	24,520
Total current liabilities	<u>53,736</u>	<u>33,244</u>
 <u>NET ASSETS:</u>		
Without donor restrictions	481,873	310,937
With donor restrictions	150,727	94,738
Total net assets	<u>632,600</u>	<u>405,675</u>
 <u>TOTAL LIABILITIES AND NET ASSETS</u>	 <u>\$ 686,336</u>	 <u>\$ 438,919</u>

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND SUPPORT:</u>			
<u>PUBLIC SUPPORT:</u>			
Contributions	\$ 177,542	\$ 0	\$ 177,542
Grants	258,459	166,370	424,829
Special events	188,226	0	188,226
Donations in kind	29,888	0	29,888
Scholarship	28,000	0	28,000
United Way	657	0	657
Total public support	<u>682,772</u>	<u>166,370</u>	<u>849,142</u>
<u>REVENUES</u> - Rental income	400	0	400
NET ASSETS RELEASED FROM RESTRICTIONS	<u>110,381</u>	<u>(110,381)</u>	<u>0</u>
Total revenue and support	<u>793,553</u>	<u>55,989</u>	<u>849,542</u>
<u>EXPENSES:</u>			
Program expenses	467,234	0	467,234
Management and general expenses	104,064	0	104,064
Fundraising	51,407	0	51,407
Total expenses	<u>622,705</u>	<u>0</u>	<u>622,705</u>
<u>OTHER INCOME (EXPENSES):</u>			
Interest income	64	0	64
Interest expense	(30)	0	(30)
Miscellaneous income	54	0	54
Total other income (expenses)	<u>88</u>	<u>0</u>	<u>88</u>
INCREASE IN NET ASSETS	170,936	55,989	226,925
NET ASSETS - BEGINNING OF YEAR	<u>310,937</u>	<u>94,738</u>	<u>405,675</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 481,873</u>	<u>\$ 150,727</u>	<u>\$ 632,600</u>

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
<u>REVENUE AND SUPPORT:</u>			
<u>PUBLIC SUPPORT:</u>			
Contributions	\$ 104,630	\$ 21,250	\$ 125,880
Grants	250,383	153,513	403,896
Special events	128,489	0	128,489
Donations in kind	21,653	0	21,653
United Way	15,780	0	15,780
Total public support	<u>520,935</u>	<u>174,763</u>	<u>695,698</u>
<u>REVENUES - Rental income</u>	2,800	0	2,800
NET ASSETS RELEASED FROM RESTRICTIONS	<u>152,766</u>	<u>(152,766)</u>	<u>0</u>
Total revenue and support	<u>676,501</u>	<u>21,997</u>	<u>698,498</u>
<u>EXPENSES:</u>			
Program expenses	334,142	0	334,142
Management and general expenses	63,705	0	63,705
Fundraising	19,210	0	19,210
Total expenses	<u>417,057</u>	<u>0</u>	<u>417,057</u>
<u>OTHER INCOME (EXPENSES):</u>			
Interest income	10	0	10
Interest expense	(56)	0	(56)
Miscellaneous income	26,964	0	26,964
Total other income (expenses)	<u>26,918</u>	<u>0</u>	<u>26,918</u>
INCREASE IN NET ASSETS	286,362	21,997	308,359
NET ASSETS - BEGINNING OF YEAR	<u>24,575</u>	<u>72,741</u>	<u>97,316</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 310,937</u>	<u>\$ 94,738</u>	<u>\$ 405,675</u>

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>			
	<u>Community Outreach</u>	<u>Fundraising Expense</u>	<u>Mgmt and Genl Expenses</u>	<u>Total 2021</u>
Salaries and Related Expenses				
Salaries	\$ 133,830	\$ 0	\$ 18,250	\$ 152,080
Employee benefits	5,875	0	801	6,676
Payroll taxes	7,496	0	1,022	8,518
Total salaries and related expenses	<u>147,201</u>	<u>0</u>	<u>20,073</u>	<u>167,274</u>
Advertising expense	393	0	54	447
Auto expense	221	0	30	251
Bank fees	544	0	74	618
Conferences and training	378	0	52	430
Contracted services	32,857	0	4,480	37,337
Dinner and luncheon expense	94	0	13	107
Donations	22,722	0	3,098	25,820
Dues and subscriptions	1,272	0	174	1,446
Equipment expenses	(97)	0	(13)	(110)
Fundraising expenses	0	51,407	0	51,407
Insurance expense	7,190	0	981	8,171
Miscellaneous	167	0	23	190
Office expense	8,285	0	1,130	9,415
Postage	799	0	109	908
Professional fees	61,902	0	61,901	123,803
Project expense	98,347	0	0	98,347
Repairs and maintenance	3,520	0	480	4,000
Scholarships, youth recognition and grant expenses	67,079	0	0	67,079
Telephone	4,103	0	560	4,663
Utilities	10,257	0	1,399	11,656
Total expenses before depreciation	<u>467,234</u>	<u>51,407</u>	<u>94,618</u>	<u>613,259</u>
Depreciation	<u>0</u>	<u>0</u>	<u>9,446</u>	<u>9,446</u>
TOTAL EXPENSES	<u>\$ 467,234</u>	<u>\$ 51,407</u>	<u>\$ 104,064</u>	<u>\$ 622,705</u>

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>			
	<u>Community Outreach</u>	<u>Fundraising Expense</u>	<u>Mgmt and Genl Expenses</u>	<u>Total 2020</u>
Salaries and Related Expenses				
Salaries	\$ 93,351	\$ 0	\$ 12,730	\$ 106,081
Employee benefits	5,179	0	706	5,885
Payroll taxes	7,345	0	1,002	8,347
Total salaries and related expenses	<u>105,875</u>	<u>0</u>	<u>14,438</u>	<u>120,313</u>
Advertising expense	1,430	0	195	1,625
Auto expense	400	0	55	455
Bank fees	606	0	83	689
Conferences and training	2,243	0	306	2,549
Contracted services	21,213	0	2,893	24,106
Donations	550	0	75	625
Dues and subscriptions	1,289	0	176	1,465
Equipment expenses	1,087	0	148	1,235
Fundraising expenses	0	19,210	0	19,210
Insurance expense	6,090	0	831	6,921
Miscellaneous	1,447	0	197	1,644
Office expense	5,331	0	727	6,058
Postage	390	0	53	443
Professional fees	36,230	0	36,229	72,459
Project expense	59,877	0	0	59,877
Repairs and maintenance	3,823	0	521	4,344
Scholarships, youth recognition and grant expenses	67,252	0	0	67,252
Telephone	4,747	0	647	5,394
Utilities	14,262	0	1,945	16,207
Total expenses before depreciation	<u>334,142</u>	<u>19,210</u>	<u>59,519</u>	<u>412,871</u>
Depreciation	<u>0</u>	<u>0</u>	<u>4,186</u>	<u>4,186</u>
TOTAL EXPENSES	<u>\$ 334,142</u>	<u>\$ 19,210</u>	<u>\$ 63,705</u>	<u>\$ 417,057</u>

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>OPERATING ACTIVITIES:</u>		
Cash received from contributions	\$ 177,542	\$ 125,880
Cash received from grants	424,829	403,896
Cash received from special events	188,226	128,489
Cash received from United Ways (Lake and Porter Counties)	657	15,780
Cash received from rental income	400	2,800
Cash received from miscellaneous income	54	26,964
Cash received from interest income	64	10
Cash paid for expenses	(534,945)	(402,539)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>256,827</u>	<u>301,280</u>
<u>INVESTING ACTIVITIES:</u>		
Purchase of fixed assets	(19,524)	(37,133)
Purchase of CDs	(40,062)	(40,010)
NET CASH USED BY INVESTING ACTIVITIES	<u>(59,586)</u>	<u>(77,143)</u>
<u>FINANCING ACTIVITIES:</u>		
Proceeds from PPP loan	0	26,900
Loan payments	(191)	(2,383)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(191)</u>	<u>24,517</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	197,050	248,654
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>334,003</u>	<u>85,349</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 531,053</u>	<u>\$ 334,003</u>
<u>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
<u>OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 226,925	\$ 308,359
Add non-cash items		
Depreciation	9,446	4,186
Allocation of expenses to PPP funds	0	(26,900)
Decrease (increase) in assets:		
Accounts receivable	200	9
Prepaid expenses	(427)	(1,733)
Increase (decrease) in liabilities:		
Accounts payable	13,522	1,483
Other current liabilities	368	1,207
Deferred revenue	6,793	14,669
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 256,827</u>	<u>\$ 301,280</u>
Supplemental information - In-kind contributions	<u>\$ 29,888</u>	<u>\$ 21,653</u>

See notes to financial statements.

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - Urban League of Northwest Indiana, Inc. is a non-profit agency in Northwest Indiana that provides programs and services to support education, financial literacy opportunities, health and wellness, civil rights and social justice strategies that would improve the quality of life for citizens in Lake, Porter and LaPorte Counties.

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

Reclassifications - Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Net Assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates in Preparation of Financial Statements - The preparation of financial statements in conformity with generally accepted accounting principles 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 reporting period. Actual results could differ from those estimates of revenues and expenses during the reporting period.

Income Taxes - Urban League of Northwest Indiana, Inc. is a not-for-profit corporation organized under the laws of the State of Indiana. The Internal Revenue Service has given the Organization a favorable determination under Section 501 (c) (3) of the Internal Revenue Code, exempting the Organization from taxation.

Cash and Cash Equivalents - Cash and cash equivalents as presented on the accompanying statements of financial position and statements of cash flows includes cash on hand and deposits in interest bearing and non-interest bearing accounts in financial institutions. Cash equivalents consist of highly liquid accounts with original maturities of 90 days or less.

The Organization has a separate account for raffle proceeds.

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Certificates of Deposit - Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current assets. Certificates of deposit with remaining maturities greater than one year are classified as long-term assets. See Note 3 for the certificates of deposit terms.

Accounts Receivable - Accounts receivable consist of billings for grants and membership dues that have been earned in the current year but have not yet been received. The Organization records bad debts on the direct write-off method when, in management's opinion, an account becomes uncollectible. The direct write-off method is a departure from generally accepted accounting principles. Bad debt expense calculated using the direct write-off method does not differ materially from those calculated using generally accepted methods.

Fixed Assets - The Organization capitalizes expenses with an expected useful life of more than one year, as determined by management. The fair market value of donated assets is also capitalized. Depreciation expense is computed using straight-line methods over the estimated useful life of the assets. When assets are retired or otherwise disposed of, the cost of related accumulated depreciation are removed from the accounts and any gain or loss resulting from the transactions is recognized as income for the period. The cost of repairs and maintenance is charged to income as incurred; significant renewals and betterments are capitalized.

Contributed (In-Kind) Services, Supplies, and Advertising - Most volunteer services neither create nor enhance non-financial assets and do not require specialized skills, and thus are not recognized as support in the accompanying Statements of Activities. Nevertheless, a substantial number of volunteers donated significant amounts of their time in the Organizations' program services. At volunteer minimum wage rates for Indiana, the Organization has documented 1,750.5 and 278 volunteer hours amounting to \$12,691 and \$2,016 of unrecorded time for the years ended December 31, 2021 and 2020, respectively.

Certain contributed services, supplies and advertising are recorded as support and expensed at fair market value when determinable, otherwise at values indicated by the donor. Included in statements of activities as donations in kind is \$29,888 and \$21,653 in donated professional services for the years ended December 31, 2021 and 2020, respectively.

Concentration of Credit Risk - The Organization received 13.71% and 15.38% of its revenue for the years ended December 31, 2021 and 2020, respectively, from the major fundraiser. During 2021 and 2020 the Organization also received \$250,000 of unrestricted donations from a donor accounting for 29.43% and 36.50% of revenue, respectively. Reduction or loss of this funding could severely limit the Organization's ability to continue operations.

During the years ended December 31, 2021 and 2020, the Organization occasionally had balances in financial institutions in excess of the Federal Deposit Insurance Corporations' (FDIC) insured level of \$250,000. At December 31, 2021 and 2020 the cash and cash equivalents at one financial institution exceeded the federally insured limit by a total of \$321,811 and \$126,732, respectively.

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Advertising - Advertising costs are expensed as they are incurred. Advertising expense for the years ended December 31, 2021 and 2020 is \$447 and \$1,625, respectively.

Allocation of Functional Expenses - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Most of the expenses that are allocated on the basis of estimates of time and effort at 88% program and 12% management and general.

Revenue Recognition - Contributions, including unconditional promises to give, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the used of donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional contributions, that is, those with a measurable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. At December 31, 2021, there were no contributions that have not been recognized in the accompanying financial statements because the conditions have not been met.

Contributions - donation from the general public some of which is restricted for scholarships.

Grants - revenue from companies for specific programs.

Special events - revenue from diversity and inclusion luncheon and symposium fundraising events.

Rent - revenue from rented space to a third party. The revenue was recognized monthly when earned. The Organization does not anticipate future rents.

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise of the following at December 31, 2021 and 2020:

	2021	2020
Cash and equivalents	\$ 380,326	\$ 239,265
Certificate of deposit - short term	20,012	40,010
Accounts receivable	100	300
Total	\$ <u>400,438</u>	\$ <u>279,575</u>

The Organization is substantially supported by restricted grants. The Organization must maintain sufficient resources to meet restricted responsibilities to its donors. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition the Organization's policy is to keep three months of expenses in cash on hand. Excess cash is invested in certificates of deposit.

NOTE 3 - CERTIFICATES OF DEPOSIT

The Organization has a CD valued at \$60,060 and \$20,000 for the years ended December 31, 2021 and 2020, respectively. The CD matures in October 2026 and automatically renews for another five years. The interest rate is 0.10%.

The Organization has a CD valued at \$20,012 and \$20,000 for the years ended December 31, 2021 and 2020, respectively. The CD matures in November 2022 and automatically renews for another three months. The interest rate is 0.05%.

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following at December 31, 2021:

	Cost	Accumulated Depreciation	Net Book Value
Buildings and land	\$ 128,685	\$ 109,402	\$ 19,283
Furniture and equipment	107,393	99,052	8,341
Leasehold improvements	48,276	3,403	44,873
Total fixed assets - net	\$ <u>284,354</u>	\$ <u>211,857</u>	\$ <u>72,497</u>

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 4 - FIXED ASSETS - (Continued)

Fixed assets consist of the following at December 31, 2020:

	Cost	Accumulated Depreciation	Net Book Value
Buildings and land	\$ 128,685	\$ 105,198	\$ 23,487
Furniture and equipment	107,393	96,699	10,694
Leasehold improvements	28,753	515	28,238
Total fixed assets - net	<u>\$ 264,831</u>	<u>\$ 202,412</u>	<u>\$ 62,419</u>

Depreciation expense was \$9,446 and \$4,186 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 - NOTE PAYABLE

The Organization has the following note payable at December 31, 2021 and 2020:

	2021	2020
Horizon Bank, \$12,036 note payable, interest rate of 3.95%, 60 monthly principal and interest payments of \$222 matured December 2020, secured by all business assets.	\$ 0	\$ 191
Total	0	191
Less: current portion	0	191
Total long - term notes payable	<u>\$ 0</u>	<u>\$ 0</u>

NOTE 6 - PAYCHECK PROTECTION PROGRAM

The Organization received \$26,900 from the Paycheck Protection Program. As of December 31, 2020, the Organization incurred \$26,900 of allowable expenses that reduced the liability. The Organization had the entirety of the loan forgiven. Therefore, the loan was recognized as income in the year ended December 31, 2020 in miscellaneous income in the statements of activities.

The Organization also received \$7,000 from the Economic Injury Disaster Loan (EIDL), which was also recorded as revenue in 2020.

NOTE 7 - LEASES

The Organization leases office equipment for \$573 per month through an operating lease that expires in May 2026. Lease expense was \$6,486 and \$5,940 for the years ended December 31, 2021 and 2020, respectively, which is included on the statements of functional expenses in equipment expenses and scholarships, youth recognition and grant expenses.

URBAN LEAGUE OF NORTHWEST INDIANA, INC.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 7 - LEASES - (Continued)

Minimum lease payments for the next five years are:

2022	\$	6,876
2023		6,876
2024		6,876
2025		6,876
2026		2,865
Total	\$	<u>30,369</u>

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

The Organization has received donations restricted by the donor for purposes that had not been expended as of December 31, 2021 and 2020. These funds are recorded on the statements of financial position as net assets with donor restrictions. At December 31, 2021 and 2020 the Organization's net assets with donor restrictions were \$150,727 and \$94,738, respectively. Following is a reconciliation on how the net assets with donor restrictions must be used:

	<u>2021</u>	<u>2020</u>
College Readiness Program	\$ 105,435	\$ 73,886
Social and environmental justice	15,000	0
VITA - Income Tax Assistance Program	4,967	4,842
Block club	19,692	16,010
Rental assistance and food gift cards	5,633	0
Total	<u>\$ 150,727</u>	<u>\$ 94,738</u>

NOTE 9 - FUNDRAISERS

For the years ended December 31, 2021 and 2020 the Organization had two major fundraisers and a few minor ones. The revenue from the fundraisers is recorded on the Statements of Activities as special events and the expenses from the fundraisers are recorded on the Statements of Activities as fundraising. The Organization recorded \$188,226 and \$128,489 in fundraiser revenue and \$51,407 and \$19,210 in fundraiser expenses for the years ended December 31, 2021 and 2020, respectively.

NOTE 10 - RETIREMENT PLAN

The national organization required the local Organization to provide a pension plan for its President/CEO effective January 1, 1993. The Organization is required to contribute 3% of the CEO's base salary. At December 31, 2021 and 2020, there are no un-funded retirement plan costs. The Organization made a contribution of \$2,561 and \$1,950 for the years ending December 31, 2021, and 2020, respectively.

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NOTE 11 - INCOME TAX UNCERTAINTIES

The Organization has adopted the provisions of ASC 740-10-25, which requires an organization to disclose any income tax uncertainties, including tax positions, for which it is reasonably possible that the unrecognized tax benefit will significantly change in the next 12 months. The Organization believes that all income tax positions are reasonable and that the total amounts of unrecognized tax benefits will not significantly increase or decrease within 12 months of the reporting date. As a non-profit organization, the entity is exempt from income taxes. The Organization has not recognized any interest or penalties in their December 31, 2021 and 2020 financial statements. In general, the Organization is no longer subject to examination for the years prior to 2019.

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events were evaluated through August 11, 2022, which is the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact future contributions, special events and grant revenue. Any financial impact is unknown at this time.