

**HISPANIC MINISTRY CENTER
DBA URBAN YOUTH WORKERS
INSTITUTE**

**FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2022 & 2021**

Independent Auditors' Report

To the Board of Trustees
Hispanic Ministry Center
DBA Urban Youth Workers Institute
Santa Ana, California

Opinion

We have audited the accompanying financial statements of the Hispanic Ministry Center DBA Urban Youth Workers Institute (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 the Hispanic Ministry Center DBA Urban Youth Workers Institute as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for 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 Hispanic Ministry Center DBA Urban Youth Workers Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the 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 Hispanic Ministry Center DBA Urban Youth Workers Institute'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 includes 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, including omissions, 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 Hispanic Ministry Center DBA Urban Youth Workers Institute'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 Hispanic Ministry Center DBA Urban Youth Workers Institute'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of income by activity on pages 15 - 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Long Beach, California
December 6, 2023

Mason & Associates, AC

Hispanic Ministry Center DBA Urban Youth Workers Institute

Statements of Financial Position
December 31, 2022 & 2021

ASSETS

	12/31/2022	12/31/2021
Current Assets		
Cash & Cash Equivalents - Note A, B	\$ 1,670,484	\$ 839,569
Investments - Note B, C	78,228	93,593
Prepaid Expenses	14,285	11,271
Note Receivable - Note D	21,866	-
Total Current Assets	<u>1,784,863</u>	<u>944,433</u>
Property, Plant & Equipment - Note A		
Transportation Equipment	26,090	26,090
Furniture & Fixtures	359	359
Computer Equipment	20,670	20,670
Total	<u>47,119</u>	<u>47,119</u>
Less: Accumulated Depreciation	<u>(41,430)</u>	<u>(39,909)</u>
Property & Equipment - Net	5,689	7,210
Other Assets		
Note Receivable (Including Interest) - Note D	<u>247,333</u>	-
Total Other Assets	<u>247,333</u>	-
TOTAL ASSETS	<u>\$ 2,037,885</u>	<u>\$ 951,643</u>

LIABILITIES & NET ASSETS

Current Liabilities		
Accrued Liabilities	\$ -	\$ 2,835
Credit Cards Payable	5,893	15,443
Payroll Liabilities	-	-
Accrued Vacation - Note A	22,336	17,893
Note Payable - Note E	109,990	-
Total Current Liabilities	<u>138,219</u>	<u>36,171</u>
Long Term Debt		
Note Payable (Including Interest) - Note E	210,000	-
Refundable Advance - Note G	969,143	-
Total Liabilities	<u>1,317,362</u>	<u>36,171</u>
Net Assets		
Without Donor Restrictions	689,666	915,472
With Donor Restrictions - Note G	30,857	-
Subtotal	<u>720,523</u>	<u>915,472</u>
Total Net Assets	<u>720,523</u>	<u>915,472</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 2,037,885</u>	<u>\$ 951,643</u>

See Accompanying Notes.

Hispanic Ministry Center DBA Urban Youth Workers Institute

Statements of Activities
For the Years Ended December 31, 2022 & 2021

	2022			12/31/2021
	Without Donor Restrictions	With Donor Restrictions	Total	
Operating Activities				
Revenues and Other Support				
Contributions	\$ 1,203,904	\$ 30,857	\$ 1,234,761	\$ 1,079,237
Strategic Programs	30,130	-	30,130	40,345
Product Development & Services	55,000	-	55,000	80,000
Fundraising Event Donations	-	-	-	18,292
Donated Services	15,000	-	15,000	18,550
Total Revenues & Other Support	1,304,034	30,857	1,334,891	1,236,424
Expenses				
Program Services				
Media	342,959	-	342,959	393,636
Training	209,516	-	209,516	146,816
Certification	293,425	-	293,425	257,922
Coaching	114,077	-	114,077	91,671
Networks	144,874	-	144,874	68,743
Supporting Services				
General & Administrative	205,160	-	205,160	172,390
Fundraising	209,572	-	209,572	198,344
Total Expenses	1,519,583	-	1,519,583	1,329,522
Change in net assets from operations	(215,549)	30,857	(184,692)	(93,098)
Nonoperating Activities				
Government Grants - Note G	-	-	-	122,100
Return on Investments, Net	(10,257)	-	(10,257)	15,916
Change in net assets from nonoperating activities	(10,257)	-	(10,257)	138,016
INCREASE (DECREASE) IN NET ASSETS	(225,806)	30,857	(194,949)	44,918
NET ASSETS - BEGINNING OF YEAR	915,472	-	915,472	870,554
NET ASSETS - END OF YEAR	689,666	30,857	\$ 720,523	\$ 915,472

See Accompanying Notes.

Hispanic Ministry Center
DBA Urban Youth Workers Institute
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Media	Training	Certification	Coaching	Networks	Supporting Services		Total
						General & Administrative	Fundraising	
Compensation & Related Expenses								
Salaries	\$ 139,027	46,131	84,063	54,402	50,635	104,774	-	\$ 479,032
Housing Allowance	52,107	17,290	31,506	20,390	18,978	39,269	-	179,540
Payroll Taxes	9,518	3,158	5,755	3,724	3,467	7,173	-	32,795
Health Insurance	21,821	7,240	13,194	8,539	7,947	16,445	-	75,186
Consultants	21,352	7,085	12,910	8,355	7,776	16,091	-	73,569
Employee Benefits	362	120	219	142	132	273	-	1,248
Total Compensation & Related Exp.	244,187	81,024	147,647	95,552	88,935	184,025	-	841,370
Program Expenses								
Strategic Programs & Marketing								
Program Supplies/Resources/Fees	371	-	7,556	149	45	-	-	8,121
Event Expenses	-	-	3,449	-	2,802	-	-	6,251
Event Production	-	4,403	524	-	686	-	-	5,613
Scholarship/Registration Reimburse	-	47,782	-	-	25,000	-	-	72,782
Honorariums	-	-	59,100	-	9,000	-	-	68,100
Advertising	39,908	26,422	22,713	828	902	-	-	90,773
General Program Expenses								
Travel/Transportation/Housing	232	-	14,451	56	4,994	205	-	19,938
Networking	-	-	-	-	-	-	-	-
Meals	259	106	10,494	-	795	10	-	11,664
Contract Labor/Consulting	21,000	40,500	4,200	6,100	-	-	-	71,800
Rent/Maintenance/Utilities	-	-	5,865	-	1,000	-	-	6,865
Total Program Expenses	61,770	119,213	128,352	7,133	45,224	215	-	361,907
Management Expenses								
Travel, Meal & Transportation	2,420	849	1,914	1,446	1,049	1,768	-	9,446
General Expense	975	323	589	382	654	735	-	3,658
Telephone	1,051	349	636	411	383	792	-	3,622
Rent/Maintenance/Utilities	5,583	1,852	3,376	2,185	2,033	4,207	-	19,236
Postage/Office Supplies	1,453	283	649	335	327	644	-	3,691
Information Technology/Website	12,484	1,455	2,667	1,718	1,696	3,308	-	23,328
Finance & Accounting	2,895	960	1,750	1,133	1,054	2,181	-	9,973
Bank Service Charges	42	14	26	17	15	32	-	146
Depreciation Expense	373	124	225	146	136	281	-	1,285
Insurance Expense	5,424	1,800	3,280	2,122	1,975	4,088	-	18,689
Marketing	36	12	22	14	13	27	-	124
Miscellaneous Expenses	644	56	102	66	61	127	-	1,056
Human Resource Expenses	2,307	765	1,395	903	840	1,739	-	7,949
Board of Directors Expense	93	31	56	36	34	70	-	320
Interest Expense	1,222	406	739	478	445	921	-	4,211
Fundraising Expenses	-	-	-	-	-	-	209,572	209,572
Total Management Expenses	37,002	9,279	17,426	11,392	10,715	20,920	209,572	316,306
TOTAL EXPENSES	\$ 342,959	\$ 209,516	\$ 293,425	\$ 114,077	\$ 144,874	\$ 205,160	\$ 209,572	\$ 1,519,583

See Accompanying Notes.

Hispanic Ministry Center
DBA Urban Youth Workers Institute
Statement of Functional Expenses
For the Year Ended December 31, 2021

						Supporting Services		
						General & Administrative	Fundraising	Total
	Media	Training	Certification	Coaching	Networks			
Compensation & Related Expenses								
Salaries	\$ 156,661	45,659	91,584	45,790	27,091	88,902	-	\$ 455,687
Housing Allowance	56,899	16,584	33,263	16,631	9,840	32,289	-	165,506
Payroll Taxes	12,336	3,595	7,212	3,606	2,133	7,001	-	35,883
Health Insurance	22,910	6,677	13,393	6,696	3,962	13,001	-	66,639
Employee Benefits	426	124	249	125	74	242	-	1,240
Total Compensation & Related Exp.	249,232	72,639	145,701	72,848	43,100	141,435	-	724,955
Program Expenses								
Strategic Programs & Marketing								
Program Supplies/Resources/Fees	13,730	5,432	8,664	198	-	-	-	28,024
Event Expenses	4,777	-	-	-	-	-	-	4,777
Event Production	-	1,880	-	-	-	-	-	1,880
Scholarship/Registration Reimburse	-	21,000	3,000	-	-	-	-	24,000
Honorariums	3,600	4,745	20,700	-	14,000	-	-	43,045
Advertising	21,639	5,700	3,300	248	-	-	-	30,887
General Program Expenses								
Travel/Transportation/Housing	3,480	13,558	9,574	165	434	-	-	27,211
Networking	-	55	-	-	-	-	-	55
Meals	1,720	39	6,050	-	223	-	-	8,032
Contract Labor/Consulting	45,360	10,914	40,788	9,485	4,215	13,832	-	124,594
Office Rent, Utilities & Supplies	564	1,917	2,686	-	500	-	-	5,667
Total Program Expenses	94,870	65,240	94,762	10,096	19,372	13,832	-	298,172
Management Expenses								
Travel, Meal & Transportation	846	397	329	164	129	319	-	2,184
General Expense	3,540	148	298	149	88	289	-	4,512
Telephone	1,059	309	619	310	183	601	-	3,081
Rent/Maintenance/Utilities	6,077	1,772	3,553	1,776	1,051	3,449	-	17,678
Postage/Office Supplies	819	224	449	224	132	435	-	2,283
Information Technology/Website	24,775	2,542	5,098	2,549	1,509	4,949	-	41,422
Finance & Accounting	4,029	1,174	2,355	1,177	696	2,286	-	11,717
Bank Service Charges	26	8	15	8	4	15	-	76
Depreciation Expense	318	93	186	93	55	358	-	1,103
Insurance Expense	5,641	1,644	3,298	1,649	976	3,201	-	16,409
Networking	-	-	-	-	1,000	-	-	1,000
Miscellaneous Expenses	375	36	72	36	21	70	-	610
Human Resource Expenses	1,843	536	1,078	538	319	1,045	-	5,359
Board of Directors Expense	186	54	109	54	108	106	-	617
Fundraising Expenses	-	-	-	-	-	-	198,344	198,344
Total Management Expenses	49,534	8,937	17,459	8,727	6,271	17,123	198,344	306,395
TOTAL EXPENSES	\$ 393,636	\$ 146,816	\$ 257,922	\$ 91,671	\$ 68,743	\$ 172,390	\$ 198,344	\$ 1,329,522

See Accompanying Notes.

Hispanic Ministry Center DBA Urban Youth Workers Institute

Statements of Cash Flows
For the Years Ended December 31, 2022 & 2021

	<u>12/31/2022</u>	<u>12/31/2021</u>
Cash Flows From Operating Activities:		
Reconciliation of Net Increase to Net Cash Provided (Used) By Operating Activities:		
Increase (Decrease) in Net Assets	\$ (194,949)	\$ 44,918
Adjustments to Reconcile Net Increase (Decrease) to Net Cash Provided (Used) By Operating Activities		
Depreciation - Note A	1,522	1,103
Change in Value of Investments	15,365	(15,713)
(Increase) Decrease in Assets:		
Accounts Receivable	-	200
Prepaid Expenses	(3,013)	578
Increase (Decrease) in Liabilities:		
Accounts Payable	(2,835)	965
Credit Cards Payable	(9,552)	9,769
Accrued Vacation - Note A	4,443	(4,768)
Accrued Salary	-	(1,139)
Refundable Advance	969,143	-
Net Cash Provided (Used) By Operating Activities	780,124	35,913
Cash Flows From Investing Activities:		
Purchase of Investments - Note C	-	(1,000)
Fixed Assets Acquired	-	(7,609)
Note loaned	(269,199)	-
Net Cash Provided (Used) by Investing Activities	(269,199)	(8,609)
Cash Flows From Financing Activities:		
Net borrowings	319,990	-
Net Cash Provided (Used) by Investing Activities	319,990	-
Net Increase (Decrease) in Cash	830,915	27,304
Cash - Beginning of Year	839,569	812,265
Cash - End of Year	\$ <u>1,670,484</u>	\$ <u>839,569</u>
Supplemental Disclosures:		
Interest Paid	\$ <u>-</u>	\$ <u>-</u>
Income Tax Paid	\$ <u>-</u>	\$ <u>-</u>

See Accompanying Notes.

Hispanic Ministry Center DBA Urban Youth Workers Institute

Notes to Financial Statements
December 31, 2022 & 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations

The Hispanic Ministry Center (HMC), doing business as Urban Youth Workers Institute (UYWI) was originally established in 1993 as a division of the National Institute of Youth Ministry, and was subsequently incorporated on February 7, 1997. UYWI exists to strengthen a new generation of global urban leaders for transformational ministry. The organization's vision is to build transformational relationships with urban leaders who will in turn reach and disciple urban youth. HMC dba as UYWI is a non-profit charitable organization established under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California.

Urban Youth Workers Institute

We exist to power the urban youth worker so that urban youth have the leaders and role models they need to live transformed lives by the Gospel of Jesus Christ.

The vision of UYWI is to create a movement of urban leaders who lead generations of youth to restore and rebuild broken communities globally.

Programs in meeting these goals:

- Media
 - UYWI Website / Social Media
- Training
 - UYWI Library
- Certification
 - UYWI Certification Program
- Coaching
 - NXT LVL Leadership
- Networks
 - Launch & Fuel Networks

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting. As such, revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to U.S. generally accepted accounting principles ("US GAAP").

Financial Statement Presentation

The financial statements of the Organization have been prepared in accordance with US GAAP, which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 objective of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Hispanic Ministry Center

DBA Urban Youth Workers Institute

Notes to Financial Statements
December 31, 2022 & 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities. For the year ended December 31, 2022 the Organization had \$30,857 of net assets with donor restrictions. Year ended December 31, 2021 did not have any net assets with donor restrictions.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing urban ministry services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Revenue Recognition

The Organization applies the five-step model to contracts when it is probable that the Organization will collect the consideration it is entitled. To determine revenue recognition for arrangements within the scope of ASC Topic 606, "Revenue from Contracts with Customers", the Organization performs the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when or as the Organization satisfies a performance obligation.

The Organization then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when or as the performance obligation is satisfied. A summary of significant revenue streams are below.

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions are recorded as support without donor restrictions or with donor restrictions depending on the existence and nature of any restrictions. All contributions are considered to be available without donor restricted use unless specially restricted by the donor.

Strategic Programs

Revenues from strategic programs encompass service & registration fees from the Organization's five programs: Media, Training, Certification, Coaching, and Networks. Revenue is recognized when the performance obligations of transferring the products and providing the services are substantially met.

Hispanic Ministry Center

DBA Urban Youth Workers Institute

Notes to Financial Statements
December 31, 2022 & 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Product Development & Services

The Organization periodically engages in product development and related services that are aligned with the Organization's vision and goals. Revenues from these sources are recognized when or as the Organization satisfies its performance obligations.

Fundraising Event Donations

Contributions from fundraising events are recognized when received.

Donated Services

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended December 31, 2022 and 2021, the Organization received donated services of \$15,000 and \$18,550, respectively.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. As of December 31, 2022, the Organization had \$969,143 in cash encumbered by reporting and time barriers to be used over a 5 year period. There was no restricted cash in year ended December 31, 2021.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method for financial reporting purposes based on the following estimated useful lives:

Transportation Equipment	5	years
Computer Equipment	5-7	years
Furniture & Office Equipment	5-7	years

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The Organization has a policy to recognize as a period cost, property and equipment expenditures of \$2,500 or less. For the years ended December 31, 2022 and 2021, depreciation expense was \$1,522 and \$1,103, respectively.

Hispanic Ministry Center

DBA Urban Youth Workers Institute

Notes to Financial Statements
December 31, 2022 & 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs were \$90,772 and \$30,887 for the years ended December 31, 2022 and 2021, respectively.

Compensated Absences

Employees of the Organization are entitled to paid vacations and other time off depending on job classifications, length of service and other factors. As of December 31, 2022 and 2021, compensated absences payable were \$22,336 and \$17,893, respectively.

Estimates

Management uses certain estimates and assumptions in preparing its financial statements in accordance with generally accepted accounting principles. These estimates and assumptions may affect the amounts reported for assets, liabilities, revenues, expenses, and cash flow. Actual results could differ from estimated amounts.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and California Revenue Code Section 23701(d). The Organization is classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(c)(2). Income for certain activities not directly related to the Organization's tax-exempt purpose is subject to unrelated business income taxation.

The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021. This Pronouncement has no impact on the financial statements as of December 31, 2022.

Hispanic Ministry Center

DBA Urban Youth Workers Institute

Notes to Financial Statements
December 31, 2022 & 2021

NOTE B - FINANCIAL INSTRUMENTS

The Organization maintains its cash balances at several financial institutions. In 2022 and 2021, cash balances maintained by the Organization at Adelfi (formerly ECCU) were insured by the National Credit Union Administration (NCUA) up to \$250,000. As of December 31, 2022, the cash balance of the bonus checking and money market was \$1,320,183 over the insured limit. Bank deposit balances held at Merrill Lynch are insured by the Federal Deposit Insurance Corporation (FDIC) and were below the \$250,000 insurable limit.

Availability and Liquidity

The following represents the Organization's financial assets at December 31, 2022 and 2021:

Financial assets at year-end:	2022	2021
Cash and cash equivalents	\$ 1,670,484	\$ 839,569
Accounts receivable	-	-
Investments	93,593	93,593
Total financial assets	<u>1,764,077</u>	<u>933,162</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	784,000	-
Board-designated funds for future use	-	-
	<u>784,000</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 980,077</u>	<u>\$ 933,162</u>

NOTE C - MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS

Investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment income in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are automatically reinvested.

The Organization's investments at December 31, 2022 and 2021 consist of mutual funds held in trust at American Funds Service Company recorded at fair value.

The Organization's investments are summarized below using Level 1 fair value inputs:

Hispanic Ministry Center DBA Urban Youth Workers Institute

Notes to Financial Statements
December 31, 2022 & 2021

NOTE C - MARKETABLE SECURITIES AND FAIR VALUE MEASUREMENTS (CONTINUED)

At December 31, 2022 and 2021, marketable securities consisted of the following:

12/31/2022	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Decline) in Value</u>
Mutual Funds			
Equity Securities	78,228	51,510	26,718
Total	<u>78,228</u>	<u>51,510</u>	<u>26,718</u>

12/31/2021	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Decline) in Value</u>
Mutual Funds			
Equity Securities	93,593	50,510	43,083
Total	<u>93,593</u>	<u>50,510</u>	<u>43,083</u>

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 - Other observable inputs, either directly or indirectly, including:

- * 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 other observable market data.

Level 3 - Unobservable inputs that cannot be corroborated by observable market data

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Notes to Financial Statements
December 31, 2022 & 2021

NOTE C - FAIR VALUE MEASUREMENTS (CONTINUED)

Measured using Level 1 fair value measures:

<u>Description</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
<i><u>Mutual Funds - American Funds</u></i>		
Fundamental Investors - A	56,123	67,343
American Balanced Fund - A	16,589	18,875
Global Growth Portfolio - A	4,734	6,372
New World Fund - A	782	1,003
Total Mutual Funds	<u>78,228</u>	<u>93,593</u>
 Total Level 1 Investments	 <u>\$ 78,228</u>	 <u>\$ 93,593</u>

Measured using Level 2 fair value measures:

None	-	-
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Measured using Level 3 fair value measures:

None	-	-
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Total investments measured at fair value	<u>\$ 78,228</u>	<u>\$ 93,593</u>
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NOTE D - NOTE RECEIVABLE

On April 18th, 2022, the Organization loaned a related party \$265,000. The note term is 15 years with a 2.25% simple interest rate and matures on April 17th, 2037. The Organization forgives \$17,667 of the principal plus accrued interest annually on April 18th. This forgiveness agreement is contingent on the related party's continued employment.

NOTE E - NOTE PAYABLE

On April 18th, 2022, the Organization borrowed \$315,000 from a related party. The note term is 3 years with a simple interest rate of 2.25% and matures on April 15, 2025. The loan will be repaid in 3 installments of \$105,000 principal plus accrued interest. Payment is scheduled as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 105,000	\$ 7,087	\$ 112,087
2024	105,000	4,725	109,725
2025	105,000	2,362	107,362
Total	<u>\$ 315,000</u>	<u>\$ 14,174</u>	<u>\$ 329,174</u>

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Notes to Financial Statements
December 31, 2022 & 2021

NOTE F - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated by percentage among the programs and supporting services benefited.

The expenses that are allocated include the following:

Expense	Method of Allocation
Media	Time and Effort
Training	Time and Effort
Certification	Time and Effort
Coaching	Time and Effort
Networks	Time and Effort

NOTE G - REFUNDABLE ADVANCE & DONOR RESTRICTED FUNDS

On November 18th, 2022, the Organization received a \$1,000,000 grant from a Foundation. The grant is encumbered by reporting and time barriers. As of December 31, 2022, \$969,143 has been deferred as a refundable advance resulting from the unelapsed time barrier and right of return clause of the grant agreement. As of December 31, 2022, \$30,857 has been recognized as contributions with donor restrictions based upon the Organization's fulfillment of the grant barriers and restricted nature of the grant proceeds.

As part of the grant agreement, the Organization is required to provide program and financial reports by January 31st of each year beginning in 2024 and ending in 2028. Failure to do so may result in the forfeiture of the unexpended portion of the grant.

The Donor has provided a budget for grant expenditures. The Organization is able to reallocate the budgeted line items as stipulated in the grant agreement:

EXPENSES	GRANT BUDGET					
	2022/23	2024	2025	2026	2027	Total
Personnel	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 240,000
Capacity	-	40,000	40,000	-	40,000	120,000
UYWI Certificate Program	60,000	-	60,000	60,000	-	180,000
NXT LVL Leadership	48,000	-	48,000	-	48,000	144,000
Travel	52,000	52,000	-	52,000	-	156,000
Consultant	-	40,000	40,000	-	40,000	120,000
Indirect Expenses	8,000	8,000	8,000	8,000	8,000	40,000
Total	\$ 216,000	\$ 188,000	\$ 244,000	\$ 168,000	\$ 184,000	\$ 1,000,000

The Organization has made representations to the Foundation of its exempt status. Any changes in status may result in the cancellation of the grant.

Any portion of the grant unexpended at the completion of the project or at the end of the period must be repaid to the Foundation within 30 days, unless the Foundation agrees to another use of the unexpended funds or extend the period. If the Organization fails, within 30 days notice from the Foundation, to perform any of its duties under the grant agreement, then the grant may be postponed or canceled.

Hispanic Ministry Center
DBA Urban Youth Workers Institute
Notes to Financial Statements
December 31, 2022 & 2021

NOTE H - COMMITMENTS

The Organization rents office space, creative studio space, and storage space on a month-to-month basis. The Organization expects to continue incurring these rental expenses through the foreseeable future. Rents expense for the years ended December 31, 2022 and 2021 were \$22,788 and \$19,667, respectively.

NOTE I - DEFINED CONTRIBUTION PLAN

The Organization sponsors a defined contribution plan (the Plan) under IRC §403(b) covering all employees as of their hire date, that work a minimum of 20 hours per work or complete one year of service. The Organization has the option to make a discretionary matching contribution equal to a uniform percentage or dollar amount of an employee's elective deferral.

The organization did not make any contributions for the years 2022 and 2021.

NOTE J - PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN

The Organization received loan proceeds of \$82,677 and \$122,100 under the Paycheck Protection Program (PPP) administered by the US Small Business Administration (SBA). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), can loan a qualifying organization up to 2.5 times the qualifying organization's average monthly payroll expenses. The loan and accrued interest are forgivable during the 8-week covered period it selects for payroll, healthcare benefits, interest on loan obligations incurred before February 15, 2020, rent, and utilities as outlined in the loan agreement.

As of September 07, 2021, the Organization has obtained full forgiveness of both rounds of PPP funding. Accordingly, the Organization has recognized the PPP proceeds as a governmental grant in accordance with ASC 958-605.

NOTE K - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2022, the Organization lent \$265,000 to a related party. As of December 31, 2022, the balance is \$269,199 which includes accrued interest.

During the year ended December 31, 2022, the Organization borrowed \$315,000 from a related party. As of December 31, 2022, the balance is \$319,990 which includes accrued interest.

NOTE L - CONCENTRATIONS

For year ended December 31, 2022, contributions from one major contributor accounted for 30% of the total contributions to the Organization. There was no receivable for this donation.

Hispanic Ministry Center
DBA Urban Youth Workers Institute
Notes to Financial Statements
December 31, 2022 & 2021

NOTE M - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 6, 2023, the date the financial statements were available to be issued, and has identified the following:

Subsequent to year-end, the Organization entered into an operating lease agreement for new office space on March 7th, 2023. The lease is for the period April 1, 2023 to March 31, 2028. In accordance with Leases (Topic 842) (ASU 2016-02), the Organization will recognize the operating lease with a corresponding asset and liability on the statement of financial position for year ended December 31, 2023. Management will also create an amortization schedule to recognize the time-value of money component of the lease.

SUPPLEMENTARY INFORMATION

Hispanic Ministry Center
DBA Urban Youth Workers Institute
Statement of Income by Activity
For the Year Ended December 31, 2022

	Unrestricted & Temp Restricted	Media	Training	Certification	Coaching	Networks	Supporting Services		Total
							General & Administrative	Fundraising	
Support									
Individual Donations	\$ 140,176	-	-	-	-	-	-	-	\$ 140,176
Church Donations	24,323	-	-	-	-	-	-	-	24,323
Foundation Donations	375,269	-	50,000	98,500	-	530,857	-	-	1,054,626
Corporate Donations	15,636	-	-	-	-	-	-	-	15,636
Strategic Programs Revenue	-	-	-	25,730	4,400	-	-	-	30,130
Donated Services	-	-	-	-	-	-	15,000	-	15,000
Product Development & Services	-	-	30,000	-	-	25,000	-	-	55,000
Fundraiser Event Donations	-	-	-	-	-	-	-	-	-
Government Grants	-	-	-	-	-	-	-	-	-
Return on Investments, Net	(10,257)	-	-	-	-	-	-	-	(10,257)
Miscellaneous Income	-	-	-	-	-	-	-	-	-
Total Support	545,147	-	80,000	124,230	4,400	555,857	15,000	-	1,324,634
Compensation & Related Expenses									
Salaries	-	139,027	46,131	84,063	54,402	50,635	104,774	-	479,032
Housing Allowance	-	52,107	17,290	31,506	20,390	18,978	39,269	-	179,540
Payroll Taxes	-	9,518	3,158	5,755	3,724	3,467	7,173	-	32,795
Health Insurance	-	21,821	7,240	13,194	8,539	7,947	16,445	-	75,186
Consultants	-	21,352	7,085	12,910	8,355	7,776	16,091	-	73,569
Employee Benefits	-	362	120	219	142	132	273	-	1,248
Total Compensation & Related Exp.	-	244,187	81,024	147,647	95,552	88,935	184,025	-	841,370
Program Expenses									
Strategic Programs & Marketing									
Program Supplies/Resources/Fees	-	371	-	7,556	149	45	-	-	8,121
Event Expenses	-	-	-	3,449	-	2,802	-	-	6,251
Event Production	-	-	4,403	524	-	686	-	-	5,613
Scholarship/Registration Reimbursement	-	-	47,782	-	-	25,000	-	-	72,782
Honorariums	-	-	-	59,100	-	9,000	-	-	68,100
Advertising	-	39,908	26,422	22,713	828	902	-	-	90,773
General Program Expenses									
Travel/Transportation/Housing	-	232	-	14,451	56	4,994	205	-	19,938
Networking	-	-	-	-	-	-	-	-	-
Meals	-	259	106	10,494	-	795	10	-	11,664
Contract Labor/Consulting	-	21,000	40,500	4,200	6,100	-	-	-	71,800
Rent/Maintenance/Utilities	-	-	-	5,865	-	1,000	-	-	6,865
Total Program Expenses	-	61,770	119,213	128,352	7,133	45,224	215	-	361,907
Management Expenses									
Travel, Meal & Transportation	-	2,420	849	1,914	1,446	1,049	1,768	-	9,446
General Expense	-	975	323	589	382	654	735	-	3,658
Telephone	-	1,051	349	636	411	383	792	-	3,622
Rent/Maintenance/Utilities	-	5,583	1,852	3,376	2,185	2,033	4,207	-	19,236
Postage/Office Supplies	-	1,453	283	649	335	327	644	-	3,691
Information Technology/Website	-	12,484	1,455	2,667	1,718	1,696	3,308	-	23,328
Finance & Accounting	-	2,895	960	1,750	1,133	1,054	2,181	-	9,973
Bank Service Charges	-	42	14	26	17	15	32	-	146
Depreciation Expense	-	373	124	225	146	136	281	-	1,285
Insurance Expense	-	5,424	1,800	3,280	2,122	1,975	4,088	-	18,689
Marketing	-	36	12	22	14	13	27	-	124
Networking	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	-	644	56	102	66	61	127	-	1,056
Human Resource Expenses	-	2,307	765	1,395	903	840	1,739	-	7,949
Board of Directors Expense	-	93	31	56	36	34	70	-	320
Interest Expense	-	1,222	406	739	478	445	921	-	4,211
Fundraising Expenses	-	-	-	-	-	-	-	209,572	209,572
Total Management Expenses	-	37,002	9,279	17,426	11,392	10,715	20,920	209,572	316,306
TOTAL EXPENSES	-	342,959	209,516	293,425	114,077	144,874	205,160	209,572	1,519,583
INCREASE (DECREASE) IN NET ASSETS	\$ 545,147	\$ (342,959)	\$ (129,516)	\$ (169,195)	\$ (109,677)	\$ 410,983	\$ (190,160)	\$ (209,572)	\$ (194,949)

See Accompanying Notes.

Hispanic Ministry Center
DBA Urban Youth Workers Institute
Statement of Income by Activity
For the Year Ended December 31, 2021

	Unrestricted & Temp Restricted	Media	Training	Certification	Coaching	Networks	Supporting Services		Total
							General & Administrative	Fundraising	
Support									
Individual Donations	\$ 184,713	-	8,262	-	-	-	-	-	\$ 192,975
Church Donations	42,733	-	-	-	-	-	-	-	42,733
Foundation Donations	522,293	65,000	50,000	130,000	5,000	60,000	-	-	832,293
Corporate Donations	11,236	-	-	-	-	-	-	-	11,236
Strategic Programs Revenue	-	-	-	37,245	3,100	-	-	-	40,345
Donated Services	-	-	-	-	-	-	18,550	-	18,550
Product Development & Services	-	-	30,000	-	-	50,000	-	-	80,000
Fundraiser Event Donations	964	-	-	-	-	-	-	17,328	18,292
Government Grants	122,100	-	-	-	-	-	-	-	122,100
Return on Investments, Net	15,916	-	-	-	-	-	-	-	15,916
Total Support	899,955	65,000	88,262	167,245	8,100	110,000	18,550	17,328	1,374,440
Compensation & Related Expenses									
Salaries	-	156,661	45,659	91,584	45,790	27,091	88,902	-	455,687
Housing Allowance	-	56,899	16,584	33,263	16,631	9,840	32,289	-	165,506
Payroll Taxes	-	12,336	3,595	7,212	3,606	2,133	7,001	-	35,883
Health Insurance	-	22,910	6,677	13,393	6,696	3,962	13,001	-	66,639
Consultants	-	-	-	-	-	-	-	-	-
Employee Benefits	-	426	124	249	125	74	242	-	1,240
Total Compensation & Related Exp.	-	249,232	72,639	145,701	72,848	43,100	141,435	-	724,955
Program Expenses									
Strategic Programs & Marketing									
Program Supplies/Resources/Fees	-	13,730	5,432	8,664	198	-	-	-	28,024
Event Expenses	-	4,777	-	-	-	-	-	-	4,777
Event Production	-	-	1,880	-	-	-	-	-	1,880
Scholarship/Registration Reimbursement	-	-	21,000	3,000	-	-	-	-	24,000
Honorariums	-	3,600	4,745	20,700	-	14,000	-	-	43,045
Advertising	-	21,639	5,700	3,300	248	-	-	-	30,887
General Program Expenses									
Travel/Transportation/Housing	-	3,480	13,558	9,574	165	434	-	-	27,211
Networking	-	-	55	-	-	-	-	-	55
Meals	-	1,720	39	6,050	-	223	-	-	8,032
Contract Labor/Consulting	-	45,360	10,914	40,788	9,485	4,215	13,832	-	124,594
Office Rent, Utilities & Supplies	-	564	1,917	2,686	-	500	-	-	5,667
Total Program Expenses	-	94,870	65,240	94,762	10,096	19,372	13,832	-	298,172
Management Expenses									
Travel, Meal & Transportation	-	846	397	329	164	129	319	-	2,184
General Expense	-	3,540	148	298	149	88	289	-	4,512
Telephone	-	1,059	309	619	310	183	601	-	3,081
Rent/Maintenance/Utilities	-	6,077	1,772	3,553	1,776	1,051	3,449	-	17,678
Postage/Office Supplies	-	819	224	449	224	132	435	-	2,283
Information Technology/Website	-	24,775	2,542	5,098	2,549	1,509	4,949	-	41,422
Finance & Accounting	-	4,029	1,174	2,355	1,177	696	2,286	-	11,717
Bank Service Charges	-	26	8	15	8	4	15	-	76
Depreciation Expense	-	318	93	186	93	55	358	-	1,103
Insurance Expense	-	5,641	1,644	3,298	1,649	976	3,201	-	16,409
Networking	-	-	-	-	-	1,000	-	-	1,000
Miscellaneous Expenses	-	375	36	72	36	21	70	-	610
Human Resource Expenses	-	1,843	536	1,078	538	319	1,045	-	5,359
Board of Directors Expense	-	186	54	109	54	108	106	-	617
Interest Expense	-	-	-	-	-	-	-	-	-
Fundraising Expenses	-	-	-	-	-	-	-	198,344	198,344
Total Management Expenses	-	49,534	8,937	17,459	8,727	6,271	17,123	198,344	306,395
TOTAL EXPENSES	-	393,636	146,816	257,922	91,671	68,743	172,390	198,344	1,329,522
INCREASE (DECREASE) IN NET ASSETS	\$ 899,955	\$ (328,636)	\$ (58,554)	\$ (90,677)	\$ (83,571)	\$ 41,257	\$ (153,840)	\$ (181,016)	\$ 44,918

See Accompanying Notes.