Urban Arts Partnership

Financial Statements

Years Ended June 30, 2022 and 2021

and Supplemental Schedule of Expenditures of Federal Awards

for the Year Ended June 30, 2022

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Urban Arts Partnership

Contents

Tel: 212-371-4446
Fax: 212-371-9374
www.bdo.com

622 Third Ave, Suite 3100
New York, NY 10017

Independent Auditor's Report

To the Board of Directors
Urban Arts Partnership
New York, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Urban Arts Partnership (the "Organization"), which comprise the statements of financial position as of June 30, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 the 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS and *Government 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 the Organization'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 the Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is 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. Such 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 28, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BDO USA, LLP

New York, New York
March 28, 2023

Financial Statements

Urban Arts Partnership

Statements of Financial Position

June 30,		**2022**		2021
Assets				
Cash and cash equivalents	**$**	**811,514**	$	1,006,579
Investments		**3,253,969**		1,530,833
Contracts and contributions receivable		**2,462,600**		1,455,987
Security deposit		**216,658**		216,658
Prepaid expenses and other assets		**35,324**		32,773
Property and equipment, net		**571,554**		547,275
Total Assets	**$**	**7,351,619**	$	4,790,105
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	**$**	**552,485**	$	430,056
Deferred rent		**308,232**		337,340
Refundable advances		**378,214**		26,319
Refundable advance from Paycheck Protection Program		**-**		46,496
Total Liabilities		**1,238,931**		840,211
Net Assets				
Without donor restrictions		**5,009,658**		3,696,779
With donor restrictions		**1,103,030**		253,115
Total Net Assets		**6,112,688**		3,949,894
Total Liabilities and Net Assets	**$**	**7,351,619**	$	4,790,105

See accompanying notes to the financial statements.

Urban Arts Partnership

Statements of Activities

Year ended June 30,

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Revenues and Support				
Contributions				
Board	$ 406,898	$ -	$ 406,898	$ 273,885
Individuals	203,879	120,000	323,879	266,400
Corporations	486,603	640,000	1,126,603	1,129,000
Foundations	866,000	300,000	1,166,000	333,000
Special events, net of direct donor benefits of $290,887 and $38,853, respectively	341,894	-	341,894	164,433
In-kind donations	271,300	-	271,300	243,593
	2,576,574	1,060,000	3,636,574	2,410,311
Program service revenues				
Government grants				
State and local	1,575,959	-	1,575,959	1,467,932
Federal	1,789,656	-	1,789,656	1,982,652
Fees for service	362,440	-	362,440	196,854
	3,728,055	-	3,728,055	3,647,438
Other income				
Investment (loss) income, net	(309,429)	-	(309,429)	145,921
Employee Retention Credits	445,158	-	445,158	-
Other income	26,578	-	26,578	42,345
	162,307	-	162,307	188,266
Net assets released from restrictions	210,085	(210,085)	-	-
Total Revenues and Support	6,677,021	849,915	7,526,936	6,246,015
Expenses				
Program	3,993,414	-	3,993,414	3,310,019
Management and general	780,007	-	780,007	989,368
Fundraising	590,721	-	590,721	860,179
Total Expenses	5,364,142	-	5,364,142	5,159,566
Change in Net Assets	1,312,879	849,915	2,162,794	1,086,449
Net Assets, beginning of year	3,696,779	253,115	3,949,894	2,863,445
Net Assets, end of year	$ 5,009,658	$ 1,103,030	$ 6,112,688	$ 3,949,894

See accompanying notes to the financial statements.

Urban Arts Partnership

Statement of Functional Expenses

Year ended June 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries				
Operations personnel	$ 225,761	$ 110,931	$ -	$ 336,692
Development personnel	342,158	24,884	317,274	684,316
Program personnel	1,444,236	-	322	1,444,558
Total Salaries	2,012,155	135,815	317,596	2,465,566
Fringe benefits and payroll taxes	233,167	163,671	9,887	406,725
Retirement	22,755	14,669	17,360	54,784
Program supplies and equipment	171,017	7,929	4	178,950
Scholarship	-	86,955	-	86,955
Travel and related expenses	27,706	10,743	222	38,671
Consultants and professional fees	904,413	114,971	69,469	1,088,853
Public relations and marketing	-	1,481	27,520	29,001
Occupancy	364,404	87,986	46,000	498,390
Insurance	14,914	1,570	3,670	20,154
Recruitment	5,635	6,186	3,210	15,031
Professional development	-	8,996	1,569	10,565
Office expenses	7,821	18,189	6,670	32,680
Payroll service	29,922	29,641	7,000	66,563
Dues and subscriptions	821	15,782	3,212	19,815
Postage and delivery	172	1,029	913	2,114
Credit card and bank fees	30	2,313	20,105	22,448
Depreciation and amortization	107,102	33,581	8,469	149,152
In-kind services	91,380	38,075	22,845	152,300
Other	-	425	-	425
Bad debt expense	-	-	25,000	25,000
	$ 3,993,414	$ 780,007	$ 590,721	$ 5,364,142

See accompanying notes to the financial statements.

Urban Arts Partnership

Statement of Functional Expenses

Year ended June 30, 2021

		Program Services		Management and General		Fundraising		Total
Salaries								
Operations personnel	$	113,885	$	265,732	$	-	$	379,617
Development personnel		107,642		35,528		574,444		717,614
Program personnel		1,513,983		-		-		1,513,983
Total Salaries		1,735,510		301,260		574,444		2,611,214
Fringe benefits and payroll taxes		270,894		132,837		59,301		463,032
Retirement		29,085		10,222		17,721		57,028
Program supplies and equipment		184,765		1,534		4,553		190,852
Scholarship		-		41,108		-		41,108
Travel and related expenses		1,955		1,009		239		3,203
Consultants and professional fees		540,236		123,802		40,321		704,359
Public relations and marketing		7,500		1,044		8,145		16,689
Occupancy		322,421		55,967		106,719		485,107
Insurance		7,148		1,241		2,366		10,755
Recruitment		1,675		3,730		657		6,062
Professional development		2,141		486		692		3,319
Office expenses		13,604		6,979		3,938		24,521
Payroll service		45,677		7,929		15,119		68,725
Dues and subscriptions		596		9,395		1,639		11,630
Postage and delivery		2,135		1,340		79		3,554
Credit card and bank fees		400		65		12,808		13,273
Depreciation and amortization		144,022		45,553		11,388		200,963
In-kind services		-		243,593		-		243,593
Other		255		274		50		579
	$	3,310,019	$	989,368	$	860,179	$	5,159,566

See accompanying notes to the financial statements.

Urban Arts Partnership

Statements of Cash Flows

Year ended June 30,	**2022**	2021
Cash Flows from Operating Activities		
Change in net assets	**$ 2,162,794**	$ 1,086,449
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**149,152**	200,963
Bad debt	**25,000**	-
Realized loss (gain) on investments	**25,837**	(22,756)
Unrealized loss (gain) on investments	**369,005**	(89,439)
In-kind contribution of equipment	**(119,000)**	-
Gain on sale of property and equipment	**(21)**	(124)
Changes in operating assets and liabilities:		
Contracts and contributions receivable	**(1,031,613)**	(575,619)
Security deposit	**-**	27,964
Prepaid expenses and other assets	**(2,551)**	18,415
Accounts payable and accrued expenses	**122,429**	134,216
Deferred rent	**(29,108)**	(15,277)
Refundable advances	**351,895**	(36,601)
Refundable advance from Paycheck Protection Program	**(46,496)**	(318,983)
Net Cash Provided by Operating Activities	**1,977,323**	409,208
Cash Flows from Investing Activities		
Purchases of investments	**(2,760,291)**	(2,222,744)
Proceeds from sale of investments	**642,313**	1,679,089
Purchases of property and equipment	**(58,235)**	(11,364)
Proceeds from sale of property and equipment	**3,825**	680
Net Cash Used in Investing Activities	**(2,172,388)**	(554,339)
Net Decrease in Cash and Cash Equivalents	**(195,065)**	(145,131)
Cash and Cash Equivalents, beginning of year	**1,006,579**	1,151,710
Cash and Cash Equivalents, end of year	**$ 811,514**	$ 1,006,579

See accompanying notes to the financial statements.

1. The Organization

Urban Arts Partnership (the "Organization") is incorporated under the laws of the State of New York.

The Organization is a leading arts educator in New York City and a contributing innovator in public education reform. The Organization serves more than 100 schools across New York City, advancing the intellectual, social and artistic development of underserved students through arts-integrated education programs to close the achievement gap.

The Organization provides arts-based education programming to influence and affect how subject matter is taught in public school classrooms so that the students will be more engaged in their learning, develop 21st century skills, and be prepared for the modern world. Nearly one hundred percent of the schools served are Title I (high poverty) learning communities. The Organization aims to engage and improve the performance of various student groups, including English Language Learners (recent immigrants), students in temporary housing, students with Individualized Education Plans (IEPs), students with social behavioral problems, students entering school at low achievement levels, and exceptional students who are not provided with opportunities to express their capacity.

The Organization, as determined by the Internal Revenue Service, is exempt from federal income tax under Section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC and under the corresponding provisions of the New York State tax laws. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

2. Significant Accounting Policies

Financial Statement Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The classification of the Organization's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets – with donor restrictions or without donor restrictions – be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Significant Accounting Policies (continued)

Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

Reclassifications

Certain accounts in the June 30, 2021 financial statements have been reclassified to conform to the June 30, 2022 presentation. These reclassifications had no effect on net income or net assets.

Contracts and Contributions Receivable

Contracts receivable are recorded net of an allowance for expected losses and are written off against the allowance when they are determined to be uncollectible. Contributions receivable represent unconditional promises to give by donors. At June 30, 2022 and 2021, the Organization had contracts and contributions receivable of $2,462,600 and $1,455,987, respectively. The Organization has determined that no allowance for expected losses and uncollectible accounts for contracts and contributions receivable is necessary as of June 30, 2022 and 2021. The Organization recognized bad debt expense of $25,000 for the year ended June 30, 2022. The Organization did not recognize bad debt expense for the year ended June 30, 2021.

Property and Equipment, Net

Property and equipment, net is stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts, less accumulated depreciation, and are depreciated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the life of the asset or the term of the lease. The Organization has established a $3,000 threshold above which assets are evaluated to be capitalized. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

Impairment

The Organization reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Organization recognizes an impairment loss. No impairment losses were recognized for the years ended June 30, 2022 and 2021.

Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

2. Significant Accounting Policies (continued)

Contributions (continued)

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a measurable barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets as to time or purpose restrictions.

Contributions subject to donor restrictions are recognized in changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in changes in net assets without donor restrictions in the statement of activities.

Revenue Recognition

Revenue from federal, state, and local government grants and contracts is recognized by the Organization when qualifying expenditures are incurred and billable to the government, or when required services have been provided.

Federal, state, and local government grants revenues are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier. That must be overcome and either a right of return assets transferred or a right of release of a funder's obligation to transfer the assets. Revenue from federal, state and local government grants and contracts are recorded by the Organization when qualifying expenditures are incurred and billable to the government, or when required services have been provided. Funds received in advance for which qualifying expenditures have not been incurred, if any, are reflected as refundable advances from state and local government grants in the accompanying statement of financial position.

The Organization adopted Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("Topic 606") on July 1, 2020 using the modified retrospective method applied to all contracts not completed as of the date of adoption. The modified retrospective adoption method requires the Organization to record a transition adjustment for the new revenue standard, if any, as a cumulative effect adjustment to beginning net assets as of the date of adoption. Therefore, any comparative information has not been adjusted. No adjustment to the Organization's beginning net assets was required as a result of adopting Topic 606.

Topic 606 applies to the Organization's fees for service that is determined to be an exchange transaction. Fees for service is recognized in the period in which the performance takes place. Fees for service is recognized at a point in time when the program services are provided to the customer.

2. Significant Accounting Policies (continued)

Revenue Recognition (continued)

The following table shows the Organization's fees for service revenue disaggregated by payor:

Year ended June 30,		**2022**		2021
New York City Department of Education	**$**	**62,009**	$	168,846
Epic Games, Inc.		**149,500**		-
AT&T Services, Inc.		**125,000**		-
Fresh Air Fund		**25,931**		21,508
New York University		**-**		6,000
Grantmakers for Education		**-**		500
	$	**362,440**	**$**	**196,854**

Topic 606 also applies to revenue from special events that the Organization holds throughout the year that is determined to be an exchange transaction. A portion of the gross proceeds paid by the attendees represents payments for direct costs of the benefits received by the attendees at the event. Unless a verifiable, objective means exists to demonstrate the fair value, meals and entertainment provided at special events are measured at the actual cost to the Organization. All proceeds received in excess of direct costs are recorded as special events support in the accompanying statement of activities. The benefit to the donors and contributors of the events is typically limited to recognition during the event.

Because the Organization's performance obligations relate to contracts with a duration of less than one year, the Organization elected to the optional exemption provided under ASC 606. Therefore, it is not required to disclose the aggerate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities and include certain costs that have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis. The financial statements report expenses that are attributed to more than one supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Supporting services are categorized as follows:

- Management and general – these expenses relate to oversight, management and administration.
- Fundraising – these expenses relate to business development, and maintenance and engagement of donors of major gifts, planned giving and community campaigns.

2. Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

All of the expenses listed are allocated on the basis of time and effort:

Expense
Payroll and related costs
Advertising
Office expenses and supplies
Auto and transportation
Telephone and utilities
Insurance
Professional fees and outside services

Advertising

The Organization expenses advertising costs as incurred. During the years ended June 30, 2022 and 2021, the Organization incurred advertising costs of $29,001 and $16,689, respectively, which is included in the accompanying statement of functional expenses under public relations and marketing.

Deferred Rent

In accordance with U.S. GAAP, rent expense is recognized on a straight-line basis over the life of the lease, including future scheduled escalations of rent, rather than in accordance with lease payments. Deferred rent represents the adjustment to future rents as a result of using the straight-line method.

Donated Goods and Services

Donated goods and services that meet the requirement for recognition and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation. Such donations are recorded as in-kind donations with the same amounts recorded as expense primarily in fundraising and program services. Total donated goods and services for the years ended June 30, 2022 and 2021 was $271,300 and $243,593, respectively.

A substantial number of volunteers have donated significant amounts of their time to the Organization; however, no amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services.

Income Taxes

The Organization follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure, and transition.

The Organization files informational returns in the federal jurisdiction. The Organization is subject to federal tax examinations for all fiscal years in which informational returns were filed.

2. Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the Organization would classify it as interest expense. The Organization would classify penalties in connection with underpayments of income tax as other expense.

Investments at Fair Value

Professional standards establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that impots that are most observable be used when available. Observable inputs are those that market participants operating within the same marketplace as the Organization would use in pricing its assets based on independently derived and objectively determinable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets identical or similar to those that the Organization holds are traded. The Organization estimates the price of any assets for which there are only unobservable inputs by using assumptions that market participants who have investments in the same or similar assets would use, as determined by the money managers administering each investment based on the best information available in the circumstances.

The input hierarchy is categorized into three levels based on the degree to which the exit price is independently observable or determinable, as follows:

> Level 1 – Valuation is based on unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.
>
> Level 2 – Valuations are based on: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in inactive markets, (c) inputs other than quoted prices that are observable for the asset or liability, and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. 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.
>
> Level 3 – Valuation is based on inputs that are unobservable and reflect management’s best estimate of what market participants would use as fair value.

Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

Cost approach - Amount that would be required to replace the service capacity of an asset (i.e. replacement cost); and

Income approach - Techniques to convert future amounts to a single present value amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

2. Significant Accounting Policies (continued)

Investments at Fair Value (continued)

The asset's 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 outputs.

The Organization's investments consist of a variety of investment securities. Investments in general are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the value of the Organization's investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Investment Income, Net

Investment income, net includes dividends, interest, and realized and unrealized gains and losses on investments carried at fair value and is recorded net of investment fees. Investment income is recorded as income without donor restrictions in the statement of activities.

Recently Adopted Accounting Pronouncements

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board ("FASB") issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021. The Organization adopted this ASU as of July 1, 2021. The adoption of this ASU did not have a material impact on the financial statements.

Issued but Not Yet Adopted Accounting Pronouncements

Lease Accounting

In February 2016, the FASB issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The FASB also issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021. The Organization is currently evaluating the impact of the adoption of ASU 2016-02.

3. Liquidity and Availability of Resources

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit which it could draw upon (Note 8). In addition, the Organization invests excess cash in mutual funds, government securities, and alternative investments, which are highly liquid investments.

3. Liquidity and Availability of Resources (continued)

The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

June 30,		**2022**		2021
Cash and cash equivalents	**$**	**811,514**	$	1,006,579
Investments		**3,253,969**		1,530,833
Contracts and contributions receivable		**2,462,600**		1,455,987
Total Financial Assets		**6,528,083**	$	3,993,399
Less amounts unavailable for general expenditures within one year due to:				
Restricted by contract with time or purpose		**(1,103,030)**		(253,115)
Total Financial Assets Available to Management for General Expenditures Within One Year	**$**	**5,425,053**	$	3,740,284

4. Investments and Fair Value Measurements

The Organization's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with professional standards. See Note 2 for a discussion of the Organization's policies regarding this hierarchy. A description of the valuation techniques applied to the Organization's major categories of assets and liabilities measured at fair value is as follows:

Mutual Funds

Mutual funds are priced using nationally recognized pricing services based on observable market data and are classified as Level 1.

Government Securities

Government securities are priced using nationally recognized pricing services based on observable market data and are classified as Level 1.

Alternative Investments

Alternative investments are those made in real estate income trusts and are valued based on the net asset value (NAV) or its equivalent of the interest owned by the Organization at year-end. Given the absence of market quotations, their fair value is estimated using information provided to the Organization by the investment advisor. The values are based on estimates that require varying degrees of judgment and are primarily based on financial data supplied by the investment managers of the underlying trusts. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Nonmarketable securities may include equity in private companies, real estate, thinly traded securities, and other investment vehicles. The investments may indirectly expose the Organization to the effects of securities lending, short sales of securities and trading in futures and forward contracts, options, swap contracts, and other derivative products. While these financial instruments entail varying degrees of risk, the Organization's exposure with respect to each such investment is limited to its carrying amount (fair value as described above) in each investment plus the Organization's commitment to provide additional funding, as described in the following paragraph. The financial statements of the investees are audited annually by nationally recognized firms of independent auditors. The Organization does not directly invest in the underlying

4. Investments and Fair Value Measurements (continued)

Alternative Investments (continued)

securities of the investment funds and, due to restrictions on transferability and timing or withdrawals from the real estate trusts, the amounts ultimately realized upon liquidation could differ from reported values that are based on current conditions.

The Organization had no financial assets and liabilities that were measured at fair value on a non-recurring basis during the years ended June 30, 2022 and 2021. In addition, there were no transfers between levels during the years ended June 30, 2022 and 2021.

The following tables presents by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2022 and 2021. As required by fair value measurement accounting standards, investments are classified in their entirety based upon the lowest level of input that is significant to the fair value measurement.

June 30, 2022	Fair Value on a Recurring Basis	Quoted Market Prices in Active Market for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 2,771,507	$ 2,771,507	$ -	$ -
Government securities	81,850	81,850	-	-
	$ 2,853,357	$ 2,853,357	$ -	$ -

June 30, 2021	Fair Value on a Recurring Basis	Quoted Market Prices in Active Market for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	$ 1,530,833	$ 1,530,833	$ -	$ -

In accordance with U.S. GAAP, the Organization's disclosures include the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the NAV per share as of June 30, 2022 and 2021. For the Organization, such assets include investments in real estate income trusts.

4. Investments and Fair Value Measurements (continued)

The following table sets forth a summary of the Organization's investments with a reported NAV:

June 30, 2022

	Fair Value Estimated NAV Per Share				
	Fair Value**	Unfunded Commitment	Redemption Frequency	Other Redemption Restrictions	Redemption Notice Period
Alternative investments	$ 400,612	N/A	(a)	None noted	(a)

** The fair values of the investments have been estimated using the NAV of the investment.

(a) Redemption not permitted. Distributions require liquidation of underlying assets. Limited exemptions subject to approval from each trust's respective board of directors.

The Organization did not have alternative investments during the year ended June 30, 2021.

The aggregate cost basis, gross unrealized gains and losses, and fair market value of the investments at June 30, 2022 and 2021 are as follows:

June 30, 2022	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual funds	$ 3,014,221	$ 17,926	$ (260,640)	$ 2,771,507
Alternative investments	400,000	612	-	400,612
Government securities	81,807	43	-	81,850
	$ 3,496,028	$ 18,581	$ (260,640)	$ 3,253,969

June 30, 2021	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual funds	$ 1,403,887	$ 126,946	$ -	$ 1,530,833

The components of the activity of the Organization's investments as of June 30, 2022 and 2021 were as follows:

June 30, 2022	
Investments, beginning of year	$ 1,530,833
Purchase of investments	2,760,291
Sale of investments	(642,313)
Realized loss on investments	(25,837)
Unrealized loss on investments reported at fair value	(369,005)
Investments, end of year	$ 3,253,969

4. Investments and Fair Value Measurements (continued)

June 30, 2021		
Investments, beginning of year	$	874,983
Purchase of investments		2,222,744
Sale of investments		(1,679,089)
Realized gain on investments		22,756
Unrealized gain on investments reported at fair value		89,439
Investments, end of year	$	1,530,833

5. Contracts and Contributions Receivable

Contracts and contributions receivable are comprised of the following:

June 30,		**2022**		2021
Contracts and program services	**$**	**2,005,527**	$	940,462
Unconditional promises to give		**-**		80,000
Contributions receivable and other		**457,073**		435,525
	$	**2,462,600**	$	1,455,987

Contracts and program services receivable consist of receivables under various programs and grants. All amounts are expected to be collected within the next year.

6. Property and Equipment, Net

Property and equipment, net consist of the following:

June 30,		**2022**		2021	Estimated Useful Lives
Leasehold improvements	**$**	**809,712**	$	809,712	Life of lease
Office and school equipment		**813,574**		642,046	5-7 years
Furniture and fixtures		**126,816**		126,816	7 years
Software		**29,503**		29,503	3 years
		1,779,605		1,608,077	
Less: accumulated depreciation and amortization		**(1,208,051)**		(1,060,802)	
	$	**571,554**	$	547,275	

Depreciation and amortization for the years ended June 30, 2022 and 2021 was $149,152 and $200,963, respectively.

7. Refundable Advance from Paycheck Protection Program

In May 2020, the Organization received a Paycheck Protection Program ("PPP") loan of $782,378 (the "first PPP Loan") granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). In January 2021, the Organization received an additional PPP loan of $780,123 (the "second PPP loan"). PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses, such as utilities, incurred during the qualifying period.

At June 30, 2021, the Organization recorded $46,496 as a refundable advance from the Paycheck Protection Program for funds received in advance for which qualifying expenditures have not yet been incurred and barriers to entitlement have not been met.

For the years ended June 30, 2022 and 2021, the Organization recognized $46,496 and $1,099,105, respectively, of the amounts received as grant revenue based on the qualifying expenditures incurred and barriers to entitlement being met. In August 2021, the Organization received notification from the SBA that the Organization's forgiveness application of their first PPP Loan and accrued interest was approved in full, and the Organization has no further obligations from their first PPP Loan. In February 2022, the Organization received notification from the SBA that the Organization's forgiveness application of their second PPP Loan and accrued interest was approved in full, and the Organization has no further obligations from their second PPP Loan.

8. Line of Credit

On August 6, 2020, the Organization entered into a line of credit agreement with J.P. Morgan Chase Bank that has a maximum borrowing limit of $1,000,000. The line is secured by the Organization's assets and renewed on October 17, 2022. Borrowings bear interest at LIBOR plus 3.00% and require monthly payments of interest only. The line of credit requires an annual pay down for a period of thirty consecutive days. There were no borrowings outstanding as of June 30, 2022 and 2021.

There was no interest expense related to the line of credit for the years ended June 30, 2022 and 2021.

On November 14, 2022, the Organization entered into a line of credit agreement with J.P. Morgan Chase Bank that has a maximum borrowing limit of $1,000,000. The line is secured by the Organization's assets and will expire on November 14, 2023. Borrowings bear interest at SOFR plus 3.00% and require monthly payments of interest only. The line of credit requires an annual pay down for a period of thirty consecutive days.

9. Net Assets with Donor Restrictions

The balances of net assets with donor restrictions consist of the following:

	Balance, July 1, 2021	Contributions	Satisfaction of Restrictions	Balance, June 30, 2022
Purpose restriction	$ 173,115	$ 1,060,000	$ (130,085)	$ 1,103,030
Time restriction	80,000	-	(80,000)	-
	$ 253,115	$ 1,060,000	$ (210,085)	$ 1,103,030

9. Net Assets with Donor Restrictions (continued)

	Balance, July 1, 2020	Contributions	Satisfaction of Restrictions	Balance, June 30, 2021
Purpose restriction	$ 302,581	$ 60,000	$ (189,466)	$ 173,115
Time restriction	100,000	30,000	(50,000)	80,000
	$ 402,581	$ 90,000	$ (239,466)	$ 253,115

10. Retirement Plan

The Organization maintains a Section 403(b) tax deferred annuity plan which is a retirement savings program that allows eligible employees to set aside a portion of their respective compensation on a pre-tax basis limited to the maximum allowed by the law. The Organization matches employees' contributions up to a maximum of 3.0% of the respective compensation, as defined. During the years ended June 30, 2022 and 2021, the Organization contributed $54,784 and $57,028, respectively.

11. Risk Management

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceed the Federal Deposit Insurance Corporation insured limits of $250,000 per depositor.

The Organization relies on outside parties such as financial institutions where they maintain investment balances and at times during the year, the amount on deposit may exceed the amount insured by the Securities Investor Protection Corporation. The nonperformance of any of these parties could expose the Organization to various risks.

The Organization is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The Organization maintains commercial insurance to help protect itself from such risks.

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

12. Concentrations

The Organization receives a significant portion of its revenues from the New York City Department of Education (“NYCDOE”) and the New York City Department of Youth and Community Development (“DYCD”), in connection with the provision of services. A significant amount of this revenue is subject to audit by the NYCDOE, DYCD and other governmental units. In the opinion of management, any possible disallowances by the related governmental agencies, resulting from their audit, will not have a material effect on the accompanying financial statements.

Two major funding sources accounted for approximately 41% of total revenue during the year ended June 30, 2022. Three major funding sources accounted for approximately 51% of total revenue during the year ended June 30, 2021.

Two major funding sources accounted for approximately 87% of contracts and contributions receivable at June 30, 2022. Two major funding sources accounted for approximately 67% of contracts and contributions receivable at June 30, 2021.

12. Concentrations (continued)

Two major vendors accounted for approximately 54% of accounts payable at June 30, 2022. Three major vendors accounted for approximately 51% of accounts payable at June 30, 2021.

13. Commitments and Contingencies

Lease

In April 2016, the Organization entered into a lease agreement with a term of ten years and five months for the office facilities at 39 West 19th Street, New York, NY 10011. The lease provides free rent for the first five months following the commencement date, fixed as August 1, 2016. The lease also includes an optional five-year renewal term.

As part of the lease agreement, the Organization was required to pay an initial security deposit of $241,582, plus additional security deposits every year. The security deposit related to this lease totaled $216,658 as of June 30, 2022 and 2021.

Future minimum rental lease payments are as follows:

Fiscal year ending June 30,		
2023	$	489,113
2024		503,787
2025		518,900
2026		534,467
2027		267,884
	$	2,314,151

Rent expense for the years ended June 30, 2022 and 2021 was $445,759 and $452,850, respectively, and is included in occupancy costs on the statement of functional expenses.

Employment Contract

The Organization has an employment contract with the Chief Executive Officer ("CEO") stipulating duties, compensation and benefits. The employment contract automatically renews annually unless the CEO resigns or is terminated.

14. Subsequent Events

The Organization has evaluated events through March 28, 2023, which is the date the financial statements were available to be issued.

Supplementary Information

Urban Arts Partnership

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	**Federal Assistance Listing Number**	**Pass-Through Entity Identifying Number**	**Provided To Subrecipients**	**Total Federal Expenditures**
U.S. Department of Education				
Office of Innovation and Improvement				
Education Innovation and Research	84.411C	Not Applicable	$ -	$ 1,109,970
Arts in Education	84.351D	Not Applicable	-	514,647
Total U.S. Department of Education				1,624,617
National Endowment of the Arts				
Promotion of the Arts Grants to Organizations and Individuals	45.024	Not Applicable	-	118,543
Total National Endowment of the Arts				118,543
Total Expenditures of Federal Awards				**$ 1,743,160**

The accompanying notes are an integral part of this schedule.

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Urban Arts Partnership under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Urban Arts Partnership, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Urban Arts Partnership.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Urban Arts Partnership has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Tel: 212-371-4446
Fax: 212-371-9374
www.bdo.com

622 Third Ave, Suite 3100
New York, NY 10017

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors
Urban Arts Partnership
New York, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Urban Arts Partnership (the "Organization"), which comprise the Organization's statements of financial position as of June 30, 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, and have issued our report thereon dated March 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

New York, New York
March 28, 2023

Tel: 212-371-4446
Fax: 212-371-9374
www.bdo.com

622 Third Ave, Suite 3100
New York, NY 10017

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Urban Arts Partnership
New York, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Urban Arts Partnership's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

New York, New York
March 28, 2023

Urban Arts Partnership

Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	✓ No
• Significant deficiency(ies) identified?	____ Yes	✓ None reported
Noncompliance material to financial statements noted?	____ Yes	✓ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	____ Yes	✓ No
• Significant deficiency(ies) identified?	____ Yes	✓ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	✓ No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
84.351D	Assistance for Arts Education Development and Dissemination

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	✓ Yes	____ No

Section II – Financial Statement Findings

There were no findings related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards.

Section III – Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516 (a)) that are required to be reported.