



NATIONAL
URBAN
FELLOWS

Leadership for a Changing America

NATIONAL URBAN FELLOWS, INC.
Financial Statements
December 31, 2021 and 2020
With Independent Auditor's Report

National Urban Fellows, Inc.
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December 31, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
National Urban Fellows, Inc.:

Opinion

We have audited the financial statements National Urban Fellows, Inc. (“NUF” or the “Organization”), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets (deficit), cash flows, and functional expenses 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 December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (“GAAS”). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 for 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 GAAS 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, 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 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 audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization has suffered financial hardships over the past several years, including recurring losses from operations and net deficits. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 2. Our opinion is not modified with respect to this matter.



January 11, 2024

National Urban Fellows, Inc.
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,346,682	\$ 153,811
Pledges and other receivables, net		
Mentors	236,444	2
Other receivables	114	-
Prepaid expenses and other current assets	<u>-</u>	<u>33,590</u>
Total current assets	1,583,240	187,403
Other non-current assets	<u>3,500</u>	<u>1,650</u>
Total assets	<u>\$ 1,586,740</u>	<u>\$ 189,053</u>
Liabilities and Net Assets (Deficit)		
Current liabilities		
Accounts payable and accrued expenses	\$ 17,802	\$ 9,995
Paycheck Protection Program loan payable	47,705	67,262
Loans payable	-	14,000
Deferred revenue	250,782	-
Line of credit payable	<u>99,921</u>	<u>99,921</u>
Total current liabilities	<u>416,210</u>	<u>191,178</u>
Long-term liability		
Deferred compensation	<u>106,165</u>	<u>106,165</u>
Total long-term liability	<u>106,165</u>	<u>106,165</u>
Net assets (deficit)		
Without donor restrictions	501,509	(108,290)
With donor restrictions	<u>562,856</u>	<u>-</u>
Total net assets (deficit)	<u>1,064,365</u>	<u>(108,290)</u>
Total liabilities and net assets (deficit)	<u>\$ 1,586,740</u>	<u>\$ 189,053</u>

The Notes to Financial Statements are an integral part of these statements.

National Urban Fellows, Inc.
Statements of Activities and Changes in Net Assets (Deficit)
Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and reclassifications						
Support						
Mentors	\$ -	\$ 1,223,600	\$ 1,223,600	\$ -	\$ 25,000	\$ 25,000
Foundations	89,350	-	89,350	134,175	-	134,175
Corporations	890,000	-	890,000	523,800	-	523,800
Individual contributions	14,920	-	14,920	38,724	-	38,724
Board of director contributions	27,690	-	27,690	16,250	-	16,250
Tuition scholarships	415,306	-	415,306	-	270,000	270,000
	<u>1,437,266</u>	<u>1,223,600</u>	<u>2,660,866</u>	<u>712,949</u>	<u>295,000</u>	<u>1,007,949</u>
Revenue						
Forgiveness of Paycheck Protection Program loan	67,262	-	67,262	-	-	-
Application fees	15,891	-	15,891	-	-	-
Interest income	-	-	-	60	-	60
Other revenue	-	-	-	12,480	-	12,480
	<u>83,153</u>	<u>-</u>	<u>83,153</u>	<u>12,540</u>	<u>-</u>	<u>12,540</u>
Reclassifications						
Net assets released from restrictions	660,744	(660,744)	-	1,115,894	(1,115,894)	-
	<u>2,181,163</u>	<u>562,856</u>	<u>2,744,019</u>	<u>1,841,383</u>	<u>(820,894)</u>	<u>1,020,489</u>
Program, general and administrative and fundraising						
Program expenses						
Fellowship	1,045,508	-	1,045,508	721,507	-	721,507
General and administrative	414,582	-	414,582	197,286	-	197,286
Fundraising	111,274	-	111,274	52,197	-	52,197
	<u>1,571,364</u>	<u>-</u>	<u>1,571,364</u>	<u>970,990</u>	<u>-</u>	<u>970,990</u>
Changes in net assets (deficit)	609,799	562,856	1,172,655	870,393	(820,894)	49,499
Net assets (deficit)						
Beginning of year	(108,290)	-	(108,290)	(978,683)	820,894	(157,789)
End of year	<u>\$ 501,509</u>	<u>\$ 562,856</u>	<u>\$ 1,064,365</u>	<u>\$ (108,290)</u>	<u>\$ -</u>	<u>\$ (108,290)</u>

The Notes to Financial Statements are an integral part of these statements.

National Urban Fellows, Inc.
Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating activities		
Changes in net assets (deficit)	\$ 1,172,655	\$ 49,499
Adjustments to reconcile changes in net assets (deficit) to net cash and cash equivalents provided by operating activities		
Forgiveness of Paycheck Protection Program loan	(67,262)	-
Changes in		
Pledges and other receivables	(236,556)	172,236
Other non-current assets	(1,850)	5,713
Prepaid expenses and other current assets	33,590	(33,590)
Accounts payable and accrued expenses	7,807	(177,411)
Loans payable	(4,000)	(4,000)
Deferred revenue	<u>250,782</u>	<u>-</u>
Net cash provided by operating activities	<u>1,155,166</u>	<u>12,447</u>
Financing activities		
Proceeds from Paycheck Protection Program loan payable	47,705	67,262
Net (repayments) proceeds from loans payable	<u>(10,000)</u>	<u>18,000</u>
Net cash provided by financing activities	<u>37,705</u>	<u>85,262</u>
Net change in cash and cash equivalents	1,192,871	97,709
Cash and cash equivalents		
Beginning of year	<u>153,811</u>	<u>56,102</u>
End of year	<u>\$ 1,346,682</u>	<u>\$ 153,811</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 6,078</u>	<u>\$ 6,473</u>

The Notes to Financial Statements are an integral part of these statements.

National Urban Fellows, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Fellowships</u>	<u>General & Admin</u>	<u>Fund Raising</u>	
Fellowship expenses				
Stipends	\$ 322,043	\$ -	\$ -	\$ 322,043
Institutional tuition fees	413,644	-	-	413,644
Fellows health insurance	13,644	-	-	13,644
Other fellows expenses	2,307	-	-	2,307
	<u>751,638</u>	<u>-</u>	<u>-</u>	<u>751,638</u>
Other expenses				
Personnel costs	144,725	133,235	100,829	378,789
Occupancy costs	-	15,968	-	15,968
Professional fees	95,774	167,858	10,445	274,077
Media and publications	31,625	-	-	31,625
Staff travel and meetings	21,375	-	-	21,375
Business insurance	-	15,004	-	15,004
Office expenses	-	1,654	-	1,654
Graduation	371	-	-	371
Interest	-	6,078	-	6,078
Miscellaneous	-	74,785	-	74,785
	<u>293,870</u>	<u>414,582</u>	<u>111,274</u>	<u>819,726</u>
	<u>\$ 1,045,508</u>	<u>\$ 414,582</u>	<u>\$ 111,274</u>	<u>\$ 1,571,364</u>

The Notes to Financial Statements are an integral part of this statement.

National Urban Fellows, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

	<u>Program</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Fellowships</u>	<u>General & Admin</u>	<u>Fund Raising</u>	
Fellowship expenses				
Stipends	\$ 294,723	\$ -	\$ -	\$ 294,723
Institutional tuition fees	330,062	-	-	330,062
Fellows health insurance	27,000	-	-	27,000
Fellows travel expenses	16,200	-	-	16,200
Other fellows expenses	8,100	-	-	8,100
	<u>676,085</u>	<u>-</u>	<u>-</u>	<u>676,085</u>
Other expenses				
Personnel costs	34,988	75,685	42,685	153,358
Occupancy costs	-	22,196	-	22,196
Professional fees	7,814	61,816	9,512	79,142
Media and publications	485	1,032	-	1,517
Staff travel and meetings	1,307	-	-	1,307
Business insurance	-	17,443	-	17,443
Office expenses	-	712	-	712
Equipment rental/repairs	-	3,411	-	3,411
Graduation	828	-	-	828
Interest	-	6,473	-	6,473
Miscellaneous	-	8,518	-	8,518
	<u>45,422</u>	<u>197,286</u>	<u>52,197</u>	<u>294,905</u>
	<u>\$ 721,507</u>	<u>\$ 197,286</u>	<u>\$ 52,197</u>	<u>\$ 970,990</u>

The Notes to Financial Statements are an integral part of this statement.

National Urban Fellows, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

National Urban Fellows, Inc. (“NUF” or the “Organization”) is an independent not-for-profit institution incorporated in 1974 under the laws of the State of Connecticut. NUF operates an administrative office in New York City.

Significant accounting policies followed by National Urban Fellows, Inc. in the preparation of the accompanying financial statements are summarized below.

Mission Statement

National Urban Fellows, Inc. develops accomplished and courageous professionals of all ethnic and racial backgrounds, particularly people of color and women, to be leaders and change agents in the public and non-profit sectors, with a strong commitment to social justice and equity.

Vision Statement

National Urban Fellows, Inc. will be a premier leadership development organization and voice of authority on leadership diversity in our country. We will develop people of color and women who are committed to public service. Our programs and network of Fellows, Mentors, Alumni, and Community Partners will impact our nation by inspiring excellence and diversity in public service leadership for a changing America, promoting social justice and equity.

Program Descriptions

NUF offers a fourteen-month postgraduate program, the National Urban Fellowship program, which consists of two summer educational sessions and a nine-month assignment as a Special Assistant to an urban administrator (a “Mentor”). NUF receives the major portion of its continuing support from Mentors, corporations, and foundations.

Other NUF programs and initiatives include the Executive Leadership Coaching Program (“ELCP”), a twelve-month program for MPA alumni and community leaders seeking to develop their leadership practice and promote advancement in their careers via a cohort model. NUF also carries out the NUFTalks series, an ongoing collaborative initiative with alumni chapters and partner organizations hosting events in cities around the country to stimulate alumni engagement and program brand awareness and advance leadership excellence and diversity in the public service sector.

Basis of Accounting and Presentation

The financial statements of NUF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets (deficit) without donor restrictions: Net assets (deficit) that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of NUF. These net assets may be used at the discretion of NUF’s management and the board of directors.

Net assets (deficit) with donor restrictions: Net assets (deficit) subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of NUF or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

National Urban Fellows, Inc.
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December 31, 2021 and 2020

Donor-restricted contributions are reported as increases in net assets (deficit) with donor restrictions. When a restriction expires, net assets (deficit) are reclassified from net assets (deficit) with donor restrictions to net assets (deficit) without donor restrictions in the statements of activities and changes in net assets (deficit).

At December 31, 2021 and 2020, NUF had no net assets which were subject to restrictions in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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.

Revenue Recognition

Revenue is derived principally from Mentors, corporations, foundations, and contributions from individuals, fellows, alumni and board of directors. Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions are reported as deferred revenue in the statements of financial position. All contributions are considered available for use unless specifically restricted by the donor. NUF records contributions as with donor restrictions if they are received with donor stipulations that limit their use either through purpose or time restrictions. When donor restrictions expire, that is, when a time restriction or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets (deficit) as net assets released from restrictions.

Pledges are recognized as revenue in the period in which the pledge is made. Pledges for a period of time in excess of one year are discounted to net present value in the period in which the pledge is made.

Mentor Pledges Receivable

Mentor pledges receivable are uncollateralized Mentor obligations due under normal pledge terms requiring payment within thirty days from the pledge date. Corporation/foundation and other receivables are derived from contributions from corporations, foundations, individuals, fellows, alumni and board of directors on the date pledged which have not yet been received. The Organization does not accrue interest on unpaid receivables. Mentor account balances with pledges over ninety days old are reviewed for delinquency.

The carrying amount of Mentor pledges receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances with emphasis on balances that exceed ninety days from invoice date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Based on this review, management has determined that no allowance for doubtful accounts was necessary for the periods ended December 31, 2021 and 2020.

The collectability of the entire Mentor receivable is dependent upon a fellow remaining with a Mentor for the entire mentorship period.

Pledges and other receivables expected to be received within one year are classified as current in the statements of financial position.

Six Mentors accounted for approximately 100% of mentor pledges receivable as of December 31, 2021. One Mentor accounted for approximately 100% of mentor pledges receivable as of December 31, 2020.

National Urban Fellows, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Cash and Cash Equivalents

For purposes of the statements of financial position, NUF considers all highly liquid investments purchased with a maturity of three months or less at the time of acquisition to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost. Depreciation charges with respect to property and equipment have been made by the Organization using the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Estimated Life (Years)</u>
Furniture, fixtures and equipment	3-5
Computer hardware	3
Website development	3
Leasehold improvements	*

* Estimated useful life of the assets or life of lease, whichever is shorter.

Expenditures for maintenance and repairs are charged to activities as incurred. Expenditures for betterments and major renewals that exceed \$5,000 are capitalized and, therefore, would be included in property and equipment.

Functional Expense Allocation

Salaries, fringe benefits, staff travel and other expenses are allocated to program, general and administrative and fundraising expense categories and have been summarized on a functional basis in the statements of activities and changes in net assets (deficit) and statements of functional expenses in proportion to time worked and travel incurred in activities related to each category. The fundraising expense category includes resources expended associated with Mentor, corporation, and foundation revenue.

Concentration of Credit Risk

Financial instruments which potentially subject NUF to significant concentration of credit risk consist of receivables, cash and cash equivalents and its board designated investment fund. NUF maintains its cash and cash equivalents and its board designated investment fund in several financial institutions located in New York City, which at times, may exceed the federally insured limits. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows. Receivables are primarily comprised of Mentor, foundation and corporation revenue. During each of the years ended December 31, 2021 and 2020, the Organization charged \$-0- to bad debt expense for Mentor and other receivables. As of December 31, 2021, management deemed all receivables to be fully collectible.

New Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842), which requires the recognition of a "right of use" asset and a lease liability, initially measured at the present value of the lease payments, on the statement of financial position for all of the Organization's lease obligations. This ASU is effective fiscal years beginning after December 15, 2021.

National Urban Fellows, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

Gifts In-Kind

In September 2020, the Financial Accounting Standards Board (the “FASB”) issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted, and is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expanded disclosure requirements.

The Organization is currently evaluating the impact these pronouncements will have on its financial statements and related disclosures.

2. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2021 and 2020, NUF’s liquidity resources and financial assets available within one year for general expenditure, such as operating expenses, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 1,346,682	\$ 153,811
Pledges and other receivables, net	<u>236,558</u>	<u>2</u>
	1,583,240	153,813
Less: Net assets with donor restrictions	<u>562,856</u>	<u>-</u>
Total financial assets and liquidity resources available within one year	<u>\$ 1,020,384</u>	<u>\$ 153,813</u>

The financial assets and liquidity resources above are subject to donor restrictions, specifically NUF’s Fellowship program, and are not available for general expenditures within one year of the statement of financial position date.

The Organization has experienced financial hardships over the past several years, including recurring losses from operations and net deficits and management has plans in place to mitigate risks of future loss. Since 2022, NUF has reversed the net deficits and significantly improved its working capital position. Some notable measures taken to reposition the Organization include: 1) the Organization did not take on a fellowship class in the 2020 calendar year but focused on reorganization; 2) in 2020, NUF significantly reorganized the board of directors and brought on new leadership to spearhead the repositioning of the Organization with efforts focused on fundraising, settling legacy obligations, and updating the business model; 3) in 2022/2023 and 2023/2024, NUF secured funding that included a commitment to waive tuition liability by the host institution (Georgetown University) and new unrestricted revenue, allowing NUF to offset its fiscal liabilities and increase cash flows.

3. TAXES

NUF is a Section 501(c)(3) organization exempt from federal income taxes under applicable provisions of the Internal Revenue Code and has been classified as a publicly supported charitable organization. As such, NUF qualifies for the maximum charitable contribution deduction by donors.

As a not-for-profit organization, NUF is also exempt from state and local income tax and is eligible for exemption from sales tax in certain states that offer such exemption. NUF is currently exempt from sales tax in New York State. The Organization has no income tax related penalties or interest for the years ended December 31, 2021 and 2020.

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Notes to Financial Statements
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4. RELATED PARTY TRANSACTIONS

Deferred Compensation

For the years ended December 31, 2021 and 2020, deferred compensation in the amount of \$106,165 was payable to the former President and CEO. In 2019, legal counsel was retained by the former President and CEO regarding past compensation owed. At December 31, 2021, there have been no further communication between the two parties and the Organization is still determining a resolution.

Loans Payable

In February 2020, a board member provided the Organization a loan in the amount of \$18,000. The loan is noninterest bearing and matured in 2021. Per the terms of agreement, the Organization repaid \$10,000 of the loan and the remaining balance of \$8,000 was recognized as a donation of \$4,000 in each of the years ended December 31, 2021 and December 31, 2020.

5. LINE OF CREDIT PAYABLE

The Organization has an outstanding line of credit in the amount of \$99,921 as of each of the years ended December 31, 2021 and 2020 which matured as of December 31, 2016. The Organization has made automatic interest payments since the initiation of the credit line and is currently working with the lender to restructure the terms of the line of credit. Accordingly, the balance due of \$99,921 has been reflected as a current liability on the statements of financial position as of each of the years ended December 31, 2021 and 2020. The interest rate at December 31, 2021 and 2020 was 5.95%, respectively. Interest expense for the years ended December 31, 2021 and 2020 amounted to \$6,078 and \$6,473, respectively.

6. COMMITMENTS AND CONTINGENCIES

Rent expense amounted to \$15,968 and \$22,196 for the years ended December 31, 2021 and 2020, respectively, and includes certain other occupancy costs. This lease agreement is on a month-to-month basis.

Equipment rentals amounted to \$- and \$3,411 for the years ended December 31, 2021 and 2020, respectively, and include various month-to-month leases.

NUF is committed, subject to continued participation by Fellows in the programs, to disburse fellowship stipends amounting to approximately \$212,500 and education costs of approximately \$390,500 ratably over its programs in the 2022 fiscal year. Future education costs have been estimated using current rates; however, they are subject to possible increases during fiscal year 2022.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31:

	<u>2021</u>	<u>2020</u>
National Urban Fellowship Program	\$ 562,856	\$ -

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended December 31 as follows:

	<u>2021</u>	<u>2020</u>
National Urban Fellowship Program	\$ 660,744	\$ 1,115,894

National Urban Fellows, Inc.
Notes to Financial Statements
December 31, 2021 and 2020

8. PAYCHECK PROTECTION PROGRAM LOAN

On April 24, 2020, in connection with the COVID-19 pandemic, the Organization issued an unsecured promissory note (the "PPP Loan") for \$67,262 through the Paycheck Protection Program ("PPP") established under the CARES Act and administered by the U.S. Small Business Administration ("SBA"). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP Loan was made through JPMorgan Chase Bank, N.A. (the "Lender"), has a two-year term, bears interest at 1.00% per annum, and matures on April 24, 2022. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until six months after the end of the covered period.

During August 2021, the Organization received full forgiveness of \$67,262 for the PPP Loan. The Organization concluded that the PPP Loan should be accounted for as a government grant. Under the provisions of ASC 958-605, the PPP Loan represents, in substance, a grant that is expected to be forgiven (a conditional contribution). The conditional contribution is recognized as grant income at a point in time once the conditions of release have been met or explicitly waived; or over a period of time as it incurs qualifying PPP expenses. Accordingly, the Organization has recognized grant income in 2021 for the full amount of the PPP Loan as grant funding in the accompanying statement of activities and changes in net assets (deficit), and no liability for the PPP Loan will be reflected in the accompanying statement of financial position as of December 31, 2021.

In April 2021, the Organization issued another unsecured promissory note for \$47,705 through the Paycheck Protection Program. The PPP Loan was made through the Lender, will have a two-year term, bearing interest at 1.00% per annum, and matures in April 2023. On May 12, 2022, the Organization received full forgiveness of \$47,705 for the PPP Loan. The Organization concluded that the PPP Loan should be accounted for as a government grant. Accordingly, the Organization will recognize grant income in 2022 for the full amount of the PPP Loan as grant funding.

9. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of January 11, 2024, which is the date the financial statements were available to be issued. Based on that evaluation, the Organization has determined that no subsequent events have occurred, aside from the forgiveness of the PPP Loan, as described in Note 8 that, require disclosure in the financial statements.