

**THE GREATER PHILADELPHIA
URBAN AFFAIRS COALITION**

Financial Statements

Year Ended June 30, 2009



AMPER, POLITZINER & MATTIA, LLP
CERTIFIED PUBLIC ACCOUNTANTS
and CONSULTANTS

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION

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AMPER, POLITZINER & MATTIA, LLP

Independent Auditors' Report

Board of Directors
The Greater Philadelphia Urban Affairs Coalition
Philadelphia, Pennsylvania

We have audited the accompanying statement of financial position of THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION (the "Coalition") as of June 30, 2009 and the related statements of activities, of changes in net assets and of cash flows for the year then ended. These financial statements are the responsibility of the Coalition's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Amper, Politziner & Mattia, LLP

October 28, 2009
Jenkintown, Pennsylvania



Year Ended June 30, 2009

Financial Statements

**THE GREATER PHILADELPHIA
URBAN AFFAIRS COALITION**

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION

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AMPER, POLITZNER & MATTIA, LLP

Independent Auditors' Report

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Amper, Poltzner & Mattia, LLP

October 28, 2009
Jenkintown, Pennsylvania

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

ASSETS	
Current assets	
Receivables	
Grants, net of allowance for uncollectible grants of \$367,558	
Contracts, net of allowance for uncollectible contracts of \$75,620	
Contribution pledges receivable, net of allowance for uncollectible pledges of \$-0-	
Prepaid expenses and other current assets	
Total current assets	14,411,436
Furniture and equipment, net of accumulated depreciation	132,266
Other assets	
Investments	475,000
Deposits	119,542
Long-term investments	100,000
Total other assets	694,542
Total Assets	\$ 15,238,244
LIABILITIES AND NET ASSETS	
Current liabilities	
Line-of-credit	\$ 2,200,000
Accounts payable and accrued expenses	3,880,881
Accrued payroll and payroll taxes	416,137
Unearned revenue	3,403,249
Total current liabilities	9,900,267
Commitments	
Net assets	
Unrestricted, other	2,788,635
Unrestricted, equity in inactive investment	475,000
Temporarily restricted	2,074,342
Total net assets	5,337,977
Total Liabilities and Net Assets	\$ 15,238,244

See notes to financial statements

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	Temporarily Restricted	Unrestricted	Total
Operating			
Support and revenues			
Grants and contracts	\$ -	\$ 43,153,683	\$ 43,153,683
Contributions	4,148,799	902,737	5,051,536
Net assets released from program restrictions	(5,028,467)	5,028,467	-
Total support and revenues	(879,668)	49,084,887	48,205,219
Expenses			
Personnel	-	22,361,612	22,361,612
Consultant and contract services	-	9,459,596	9,459,596
Program grants	-	7,815,849	7,815,849
Facilities	-	3,121,483	3,121,483
Travel and conference	-	1,713,701	1,713,701
Supplies	-	1,533,552	1,533,552
Bad debt	-	561,432	561,432
Advertising	-	54,010	54,010
Telephone	-	552,493	552,493
Equipment	-	326,353	326,353
Printing	-	263,986	263,986
Insurance	-	57,958	57,958
Professional fees	-	148,202	148,202
Postage delivery	-	78,218	78,218
Training	-	81,845	81,845
Computer	-	196,326	196,326
Miscellaneous	-	78,850	78,850
Interest expense, net of interest income of \$3,550	-	102,000	102,000
Depreciation	-	28,224	28,224
Total expenses	-	48,535,690	48,535,690
Changes in net assets	\$ (879,668)	\$ 549,197	\$ (330,471)

See notes to financial statements
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THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2009

	Unrestricted Equity in Inactive Investment	Temporarily Restricted	Total
Net assets, beginning of year	\$ 2,239,438	\$ 2,954,010	\$ 5,668,448
Changes in net assets	549,197	(879,668)	(330,471)
Net assets, end of year	\$ 2,788,635	\$ 2,074,342	\$ 5,337,977

See notes to financial statements
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THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2009

	\$ (330,471)
Cash flows from operating activities	
Changes in net assets	
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	28,224
Allowance for doubtful accounts	561,432
(Increase) decrease in assets	2,816,030
Grants receivable	(523,035)
Contracts receivable	8,460
Contributions receivable	27,569
Prepaid expenses and other current assets	(1,414,731)
Increase (decrease) in liabilities	129,141
Account payable and accrued expenses	292,975
Accrued payroll and payroll taxes	1,595,594
Unearned revenue	(49,048)
Cash flows from investing activities	
Security deposits	(74,279)
Acquisition of property and equipment	(123,327)
Net cash used in investing activities	(1,800,000)
Cash flows from financing activities	
Net drawings on line-of-credit	(327,733)
Net decrease in cash and cash equivalents	327,733
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	\$ 102,000

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description

The Greater Philadelphia Urban Affairs Coalition (the "Coalition") is a nonprofit organization which was organized as a major civic organization that unites government, business, neighborhoods and individual initiatives to improve the quality of life in the Philadelphia region, build wealth in urban communities, and solve emerging issues. The Coalition's programs are sponsored by governmental grants and direct support from corporations, foundations and individuals.

Basis of Accounting

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

Basis of Presentation

Net assets and revenues, expenses, gains and losses in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Coalition and changes therein are classified and reported as follows:

• **Unrestricted Net Assets**

Net assets that are not subject to donor-imposed stipulations.

• **Temporarily Restricted Net Assets**

Net assets that are received which are to be used for future program expenditures that will be released, either by actions of the Coalition and/or the passage of time. The contributions are applicable to multiple programs and are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions when the program expenditures are made, in accordance with the terms of the restriction.

Restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support in the statement of activities.

Contributions

The Coalition recognizes contributions as unrestricted, temporarily restricted or permanently restricted revenues in the period received, depending on the existence and/or nature of any donor restrictions. Contributions consist of funds received from corporations and foundations for various philanthropic activities.

Grant revenue is recognized as related expenses are incurred on an accrual basis. The grant revenue relates to the agency programs that require the Coalition to provide programs on a fee for service and contract reimbursement basis.

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash Equivalents

The Coalition considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are stated at fair value in the statement of financial position. Unrealized gains and losses, if any, are included in the statement of activities.

Pledges and Grants Receivable

Pledges are recorded as receivables at the time such pledges are received and all conditions have been met.

Grants receivable are from agencies of the federal and Pennsylvania and local governments, as well as corporations, and are recorded as receivables at the time the Coalition incurs expenditures under the grant award.

Furniture and Equipment and Depreciation

Assets purchased are stated at cost and depreciated over the estimated useful lives of the related asset. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs are charged to operations when incurred. Significant betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset accounts and related accumulated depreciation accounts are relieved, and any gain or loss is included in operations.

Federal Tax Status

The Internal Revenue Service has classified the Coalition as exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code, as an organization, contributions to which are deductible under Section 170(c) of the Code, and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION
 NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements 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. Significant estimates include estimated lives for the property and equipment and an allowance for uncollectible pledge receivables. Actual results could differ from those estimates.

Donated Services

Many individuals volunteer their time and perform a variety of tasks that assist the Coalition with specific programs and various committee assignments. An amount has not been recognized in the accompanying statement of activities for these volunteer efforts because they did not meet the requirements for recognition under professional standards.

Allowance for Doubtful Accounts

The Coalition provides an allowance for doubtful accounts equal to the estimated losses that will be incurred on the collection of existing receivables. The total allowance for doubtful accounts for grants, contracts and contributions receivable has been established at \$443,178 as of June 30, 2009.

NOTE 2 - PROPERTY AND EQUIPMENT

Major classes of property and equipment, estimated useful lives and accumulated depreciation as of June 30, 2009, are as follows:

June 30, 2009	
Assets	Estimated Useful Lives
Furniture and equipment	5 years
<u>\$ 236,173</u>	<u>\$ 103,907</u>
Cost	Accumulated Depreciation
Depreciation for the year ended June 30, 2009 was \$28,224.	

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - GRANTS RECEIVABLE

Grants receivable represents funds due for expenditures incurred to provide services in accordance with grant provisions. Grants receivable consists of the following as of June 30:

City of Philadelphia	\$ 9,360,959
Federal Programs	2,623,176
Philadelphia Youth Network	235,633
Philadelphia Workforce Development Corp.	376,070
Commonwealth of Pennsylvania	900,427
School District of Philadelphia	521,915
Philadelphia Health Management Corp.	249,307
	<u>14,267,487</u>
Less allowance for doubtful accounts	367,558
	<u>\$ 13,899,929</u>

NOTE 4 - CONTRIBUTIONS RECEIVABLE

The Coalition has received pledges, some of which are payable in future years. As of June 30, 2009, pledges receivable consisted of the following:

Unrestricted	
Receivable in less than one year	\$ 31,350
Receivable in one to ten years	-
Total pledges	<u>31,350</u>
Less allowance for uncollectible	-
Net pledges receivable	<u>\$ 31,350</u>
Current	\$ 31,350
Noncurrent	-
	<u>\$ 31,350</u>

No discount rate used was for the year ended June 30, 2009, as all donations are due within the year.

NOTE 5 - INVESTMENTS

Market values and unrealized appreciation (depreciation) as of June 30, 2009 are summarized as follows:

Unrealized Appreciation (Depreciation)	Cost	Market	Investment in United Bank Certificate of deposit
\$ -	\$ 100,000	\$ 100,000	475,000
-	-	-	575,000
\$ -	-	-	\$ 575,000

Investment income for the year ended June 30, 2009 is composed of the following:

\$ 3,550	Interest
-	Net realized and unrealized investment gains
\$ 3,550	

NOTE 6 - UNEARNED REVENUE

Grants received for specific programs are recorded as unearned revenue until the funds are expended for their designated purpose, at which time they are recognized as revenue.

Unearned revenue as of June 30, 2009 are as follows:

\$ 3,244,083	Commonwealth of Pennsylvania
23,257	Other
135,909	City of Philadelphia
\$ 3,403,249	

NOTE 7 - COMMITMENTS

Lease Commitments

The Coalition leases a building at 1207 Chestnut Street, Philadelphia, Pennsylvania for its main office under an agreement with an unrelated party. The Coalition also leases space for its grant programs. The leases related to grant programs are typically on a month-to-month basis. The Coalition's lease agreement for the main office was amended in July 2009 to include an extension for ten years expiring in May 2019. The amendment also included an option to purchase as of December 31, 2009 for \$5,900,000. At this time, the Coalition does not have plans to exercise this option.

Other grant program leases expire at various dates through 2011. Scheduled minimum future payments under the terms of the lease are as follows:

Year Ending June 30		Building	Equipment	Total
2010	\$ 598,620	\$ 59,526	\$ 658,146	
2011	613,586	56,676	670,262	
2012	628,925	31,115	660,040	
2013	644,648	-	644,648	
2014	660,764	-	660,764	
Thereafter	2,848,492	-	2,848,492	
	\$ 5,995,035	\$ 147,317	\$ 6,142,352	

For the year ended June 30, 2009, rent expense of \$3,121,483 is included in general and administrative expenses.

NOTE 8 - LINES-OF-CREDIT AND LONG-TERM DEBT

The Coalition has available a \$4,000,000 line-of-credit with Wachovia Bank N.A. collateralized by accounts receivable as of June 30, 2009. As of June 30, 2009, the Coalition had an outstanding balance of \$2,200,000 on the line-of-credit. Interest is payable monthly at the bank's prime rate plus .5% (prime was 3.25% as of June 30, 2009). The line-of-credit expires on January 15, 2010. The Coalition is subject to certain financial covenants including maintenance of a certain financial ratio as defined in the agreement, among other things. As of June 30, 2009, the Coalition was in compliance.

NOTE 9 - FUNCTIONAL CLASSIFICATION OF ACTIVITIES

In accordance with SFAS No. 117, the Coalition is required to present expenses on a functional basis. The functional allocation of expenses is based primarily on the amount of direct labor and direct operating expenses spent on the program or activity.

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION
 NOTES TO FINANCIAL STATEMENTS

NOTE 9 - FUNCTIONAL CLASSIFICATION OF ACTIVITIES (continued)

Expenses are functionally allocated as follows:

	\$ 32,252,451
Community intervention and support	3,195,671
AIDS services	2,426,346
Economic development	2,905,110
Education	1,865,943
Employment training	314,485
Health care	1,482,326
Homelessness	348,467
Grants	3,266,347
General and administrative	478,544
Fund-raising	<u>\$ 48,535,690</u>

NOTE 10 - CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS

Cash accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At certain times during the year, the Coalition's balance exceeded the insured amount.

NOTE 11 - BENEFIT PLANS

The Coalition maintains a 403(b) profit-sharing plan which covers all employees who are employed by the Coalition for a full year or 1,000 hours. The Coalition may make matching contributions equal to a discretionary percentage, determined by the Board, of the participant's salary.

Total contributions to benefit plans for the year ended June 30, 2009 totaled \$249,078 but were not paid until after the current fiscal year-end.

THE GREATER PHILADELPHIA URBAN AFFAIRS COALITION
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - ASSETS AND LIABILITIES - FAIR VALUE INFORMATION

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, *Fair Value Measurements*. SFAS No. 157 clarifies the definition of fair value and the methods used to measure fair value, and expands disclosures about fair value measurements. Asset fair value measurements are defined based on the existence of an active market for identical assets (Level 1), whether there are other observable inputs to the valuation (Level 2), or if significant unobservable inputs are used in valuing the asset (Level 3). All assets measured at fair value were based on quoted market prices as follows:

Description	June 30, 2009	Investment in United Bank	Total
Quoted Prices in Active Markets for Identical Assets (Level 1)	\$ -	\$ -	\$ -
Observable Inputs (Level 2)	\$ -	\$ -	\$ -
Significant Unobservable Inputs (Level 3)	\$ -	\$ 475,000	\$ 475,000

All Coalition investment assets at fair value classified within Level 3 were \$475,000 as of June 30, 2009, which consists of an inactive investment in United Bank stock. Such amounts were 83% of investments at fair value as of June 30, 2009. GPUAC has estimated fair value using the most recent transaction price, provided by the bank, in a private sale of stock, multiplied by the number of shares held by the Coalition with adjustments made to reflect expected exit values.

The following table presents changes in assets measured at fair value using Level 3 inputs on a recurring basis for the year ended June 30, 2009:

Level 3 Investment Assets		Investment in United Bank
Unrealized Gains (Losses) Relating to Instruments Purchases, Sales, Issuance and Settlements (Net)	June 30, 2009	July 1, 2008
\$ -	\$ -	\$ 475,000
Realized Gains (Losses)	June 30, 2009	June 30, 2009
\$ -	\$ -	\$ 475,000
Transfers in and/or out of Level 3	June 30, 2009	June 30, 2009
\$ -	\$ -	\$ 475,000

NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (the "FASB") issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* - an interpretation of FASB Statement No. 109 ("Interpretation"). The Interpretation established for all financial enterprises, a requirement for financial statement recognition of any benefits that the enterprise may expect to receive as the result of a position taken with regard to income taxes, as well as expanded tax-related disclosures. The Coalition is required to adopt Interpretation No. 48 for 2010, but the adoption of the new standard is not expected to have a material effect on its financial statements. Until it adopts FIN 48, the Coalition accounts for any uncertain tax positions in accordance with FASB Statement No. 5, *Accounting for Contingencies*, which is the governing standard for recognition of tax-related contingencies.

In February 2008, the FASB released FASB Staff Position, FSP FAS No. 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS No. 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis, to fiscal years beginning after November 15, 2008. The Coalition has adopted this position as of June 30, 2009.

NOTE 14 - CONCENTRATIONS OF CREDIT AND MARKET RISK

The Coalition invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect account balances and the amounts reported in the statement of financial position.

Users of these financial statements should be aware that the financial markets' volatility in 2008 may significantly impact the subsequent valuation of the reported investments. Accordingly, the valuation of investments (see Note 5) as recorded in the accompanying statement of financial position as of June 30, 2009 may not necessarily be indicative of amounts that could be realized in a current market. The estimated fair value of all investments as of September 30, 2009 approximated those values as of June 30, 2009.

NOTE 15 - SUBSEQUENT EVENTS

The Coalition evaluated subsequent events through October 28, 2009, which is the date the financial statements were issued.