The Connie Rice Institute for Urban Peace
dba Urban Peace Institute

Financial Statements
and Single Audit Reports and Schedules

June 30, 2024
(With Comparative Totals for 2023)

armanino

TABLE OF CONTENTS

armanino

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Los Angeles, California

Opinion

We have audited the accompanying financial statements of The Connie Rice Institute for Urban Peace dba Urban Peace Institute (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Connie Rice Institute for Urban Peace dba Urban Peace Institute as of June 30, 2024, and the changes in its net assets and its cash flows for the year 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 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 Connie Rice Institute for Urban Peace 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 326, *Financial Instruments - Credit Losses,* as of July 1, 2023, using the modified retrospective method. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Connie Rice Institute for Urban Peace's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Connie Rice Institute for Urban Peace'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 Connie Rice Institute for Urban Peace'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2025, 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 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.

Report on Summarized Comparative Information

We have previously audited The Connie Rice Institute for Urban Peace dba Urban Peace Institute's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Armanino LLP

Armanino LLP
Los Angeles, California

January 23, 2025

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Statement of Financial Position
June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
ASSETS		
Current assets		
Cash	$ 3,147,006	$ 930,681
Contributions and grants receivable, net	1,181,223	485,961
Accrued revenue	1,179,851	205,283
Prepaid and other current assets	77,268	40,499
Total current assets	5,585,348	1,662,424
Other assets		
Contributions and grants receivable, net of current portion	-	75,000
Leasehold improvements	425,650	35,000
Operating lease right-of-use assets, net	116,573	208,971
Total other assets	542,223	318,971
Total assets	$ 6,127,571	$ 1,981,395
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 259,893	$ 177,446
Accrued expenses	1,149,228	97,984
Credit card payables	12,211	21,687
Current portion of operating lease liabilities	90,163	99,372
Total current liabilities	1,511,495	396,489
Operating lease liabilities, net of current portion	21,319	109,010
Total liabilities	1,532,814	505,499
Net assets		
Without donor restrictions		
Net assets without donor restrictions	3,977,640	334,165
Board-designated	-	200,000
Total without donor restrictions	3,977,640	534,165
With donor restrictions	617,117	941,731
Total net assets	4,594,757	1,475,896
Total liabilities and net assets	$ 6,127,571	$ 1,981,395

The accompanying notes are an integral part of these financial statements.

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Statement of Activities
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues and other support				
Government grants and contracts	$ 3,473,652	$ -	$ 3,473,652	$ 923,172
Grants and contributions	4,315,897	221,675	4,537,572	577,366
Program revenue	500,855	-	500,855	565,078
Other revenue	59	-	59	1,165
Net assets released from restriction	546,289	(546,289)	-	-
Total revenues and other support	8,836,752	(324,614)	8,512,138	2,066,781
Functional expenses				
Program services	4,224,858	-	4,224,858	1,856,522
Management and general	716,015	-	716,015	771,418
Fundraising	352,404	-	352,404	557,188
Total functional expenses	5,293,277	-	5,293,277	3,185,128
Change in net assets from operations	3,543,475	(324,614)	3,218,861	(1,118,347)
Loss from disposal of leasehold improvements	(100,000)	-	(100,000)	-
Change in net assets	3,443,475	(324,614)	3,118,861	(1,118,347)
Net assets, beginning of year	534,165	941,731	1,475,896	2,594,243
Net assets, end of year	$ 3,977,640	$ 617,117	$ 4,594,757	$ 1,475,896

The accompanying notes are an integral part of these financial statements.

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	Program Services					Support Services			
	Urban Peace Academy	Technical Assistance and Training	Smart Justice	Community Safety and Health	Total Program Services	Management and General	Fundraising	2024 Total	2023 Total
Personnel expenses									
Salaries and wages	$ 482,384	$ 420,542	$ 413,343	$ 281,600	$ 1,597,869	$ 407,003	$ 263,089	$ 2,267,961	$ 1,689,214
Employee benefits	21,300	31,054	22,861	20,036	95,251	24,217	10,009	129,477	96,703
Payroll taxes	50,784	50,201	45,295	32,821	179,101	56,840	27,999	263,940	200,649
Total personnel expenses	554,468	501,797	481,499	334,457	1,872,221	488,060	301,097	2,661,378	1,986,566
Grants to others	895,608	801,709	-	8,429	1,705,746	-	-	1,705,746	283,881
Consulting and professional services	147,031	50,734	58,193	48,347	304,305	63,575	25,320	393,200	360,577
Rent expenses	57,243	44,483	17,905	15,196	134,827	34,204	-	169,031	172,131
Office expenses	34,209	1,201	1,565	3,666	40,641	51,914	5,255	97,810	59,807
Other expenses	180	10,294	2,948	29,278	42,700	30,409	7,135	80,244	102,240
Licenses and fees	11,302	10,214	9,886	7,133	38,535	11,323	4,562	54,420	5,812
Travel	17,926	23,985	5,025	2,699	49,635	4,503	107	54,245	54,184
Public relations	8,363	637	6,149	2,404	17,553	18,007	7,977	43,537	109,111
Liability insurance	11,205	-	-	7,365	18,570	8,048	-	26,618	11,002
Recruitment	-	-	125	-	125	5,972	951	7,048	15,944
Development	-	-	-	-	-	-	-	-	23,873
	$ 1,737,535	$ 1,445,054	$ 583,295	$ 458,974	$ 4,224,858	$ 716,015	$ 352,404	$ 5,293,277	$ 3,185,128

The accompanying notes are an integral part of these financial statements.

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Statement of Cash Flows
For the Year Ended June 30, 2024
(With Comparative Totals for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	$ 3,118,861	$ (1,118,347)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Reduction in carrying amount of right-of-use lease assets - operating	92,398	74,873
Loss from disposal of leasehold improvements	100,000	-
Changes in operating assets and liabilities		
Contributions and grants receivable, net	(620,262)	1,158,031
Accrued revenue	(974,568)	(205,283)
Prepaid and other current assets	(36,769)	(40,499)
Accounts payable	20,947	130,080
Accrued expenses	1,051,244	69,939
Credit card payables	(9,476)	(395)
Operating lease liabilities	(96,900)	(75,462)
Net cash provided by (used in) operating activities	2,645,475	(7,063)
Cash flows from investing activities		
Purchases of leasehold improvements	(429,150)	(35,000)
Net cash used in investing activities	(429,150)	(35,000)
Net increase (decrease) in cash	2,216,325	(42,063)
Cash, beginning of year	930,681	972,744
Cash, end of year	$ 3,147,006	$ 930,681

Supplemental schedule of noncash investing and financing activities

Acquisition of leasehold improvements through accounts payable	$ 61,500	$ -
Operating lease right-of-use assets obtained in exchange of lease obligations	$ -	$ 283,844

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

The Connie Rice Institute for Urban Peace, doing business as the Urban Peace Institute (the "Organization"), was formed in August 2015 as a California non-profit corporation headquartered in Los Angeles, California. The Organization works on the ground in Los Angeles to create safe, healthy, and thriving communities. Rooted in the past and current struggles for justice and equity, the Organization's policies have contributed to the historic lows of gun and gang violence in Los Angeles, trained over 4,000 peacemakers in public health approaches to reduce violence, as well as championed smart justice reforms to end youth incarceration. For over two decades, the Organization has worked to improve community health and safety in underserved Black and Brown communities.

The Organization is a recognized leader in the field of community safety, just policing, and systems reform to end gun and community violence. For over two decades, the Organization has worked to develop and implement innovative solutions to address community violence and engage in ground-level systems reform. This work began in 1999 as a program of Advancement Project, and beginning in 2015, as an organization fiscally sponsored by Community Partners. In December 2021, the Organization separated from fiscal sponsorship with Community Partners as its programs and impact continued to expand. The Organization now acts as an independent nonprofit organization, with the continued mission to prevent violence, achieve safety, and improve community health. As the Organization was in existence and earning revenues prior to the separation from Community Partners, a full year of activities is presented in the accompanying financial statements.

The Organization is supported primarily through donor contributions and grants. The Organization’s Board of Directors ("Board") is comprised of professionals and thought leaders from law, education, and community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein have been classified and are reported as follows:

- *Net assets without donor restrictions* - Includes net assets available for use in general operations and not subject to donor restrictions. The Organization's board may designate net assets without donor restrictions for specific purposes. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted support. This category of net assets also includes board-designated funds (See Note 7).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

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

Change in accounting principle

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 326, *Financial Instruments - Credit Losses,* ("FASB ASU 326"), which significantly changed how entities measure credit losses for most financial assets and certain other instruments that are not measured at fair value through change in net assets. The most significant change in the standard is the shift from an "incurred loss" model to an "expected credit loss" model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASU 326 are grants receivable, net.

The Organization adopted FASB ASU 326 effectively July 1, 2023, using the modified retrospective method. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Accordingly, actual events and results could differ from those assumptions and estimates.

Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and contributions and grants receivable, net. The Organization places its cash with high credit quality financial institutions and generally limits the amount of credit exposure in excess of the Federal Deposit Insurance Corporation insured limits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentrations of credit risk (continued)

Three organizations accounted for approximately 71% of total revenues and support and one other organization accounted for approximately 16% of total revenues and support for the years ended June 30, 2024 and 2023, respectively. Three organizations accounted for approximately 68% of contributions and grants receivable, net as of June 30, 2024. One of those organizations and two others accounted for approximately 61% of contributions and grants receivable, net as of June 30, 2023.

Two organizations accounted for approximately 42% of accounts payable as of June 30, 2024. One of those organizations and two others accounted for approximately 84% of accounts payable as of June 30, 2023.

Cash

Cash consists of cash held in checking and saving accounts from financial institutions. The Organization maintains cash deposits in bank accounts which may exceed federally insured limits of $250,000. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Contributions and grants receivable, net

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier has been overcome and/or right of release/right of return no longer exists. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

Grants receivable primarily represent amounts awarded by governmental agencies that have not yet been received by the Organization. Grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization utilizes the reserve method to determine the allowance for credit losses based on historical experience, an assessment of current economic conditions, and reasonable and supportable expectations of future conditions, along with a review of subsequent collections. Management has recorded an allowance of $23,788 and $0 as of June 30, 2024 and 2023, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accrued revenue

Accrued revenue represents revenue from government grants and contracts that has been earned by the Organization but not billed. Accrued revenue was $1,179,851 and $205,283 as of June 30, 2024 and 2023, respectively. All amounts recorded under accrued revenue have been recognized as revenue and will be reclassified into contributions and grants receivable upon billing.

Leasehold improvements

Leasehold improvements represent the cost of enhancements made to leased properties made by the Organization. These improvements are capitalized and amortized over the shorter of the useful lives of the improvements and the remaining term of the associated lease using the straight-line method. Leasehold improvements totaled $425,650 and $35,000 as of June 30, 2024 and 2023, respectively, with no accumulated amortization balance as of both June 30, 2024 and 2023.

Leases

The Organization applies ASC 842, *Leases*, to record its leases. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. Leases that contain lease and non-lease components are accounted for as a single lease.

Right-of-use assets ("ROU") represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent its obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since the Organization's leases do not provide an implicit rate, to determine the present value of lease payments, management has elected to use a risk-free rate using a period comparable with that of the lease term. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise the option. The Organization has no finance lease arrangements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants and contracts

Grants and contracts are generally received under contracts from federal, state, county and city agencies. These contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures or provided services in compliance with specific contract or grant provisions. The Organization has elected a simultaneous release option to account for these grants and contracts and thus are recorded as grants and contracts without donor restriction upon satisfaction of the barriers. Amounts received prior to incurring qualifying expenditures or performing the required services are reported as a refundable advance. The Organization did not have any refundable advances related to government grants and contracts as of June 30, 2024 and 2023.

Program revenue

Program revenues are generally received under exchange-based contracts. The Organization recognizes program revenue from training and services when the performance obligations of providing the services are met.

Donated services

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recorded at fair value in the period received if the services (a) create or enhance non-financial assets or (b) required specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. There were no donated services that met the criteria for recognition for both the years ended June 30, 2024 and 2023.

Functional expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

Income tax status

The Organization has received tax-exempt status under the Internal Revenue Code Section 501(c)(3) and under the California Revenue Code Section 23701d. Accordingly, the Organization is exempt from paying Federal and California income taxes except on any unrelated business income. The Organization had no unrelated business income for the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax status (continued)

The Organization has evaluated its current tax provisions and has concluded that as of both June 30, 2024 and 2023, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Reclassifications

Certain 2023 balances have been reclassified in order to conform to the 2024 presentation. These reclassifications had no effect on the reported change in net assets.

Subsequent events

The Organization has evaluated events subsequent to June 30, 2024, to assess the need for potential recognition or disclosure in the accompanying financial statements. Such events were evaluated through January 23, 2025, the date the accompanying financial statements were available to be issued. Based upon this evaluation, no subsequent events occurred that require recognition or disclosure in the accompanying financial statements, except as disclosed in Note 6.

3. CONTRIBUTIONS AND GRANTS RECEIVABLE, NET

Contributions and grants receivable, net consisted of the following as of June 30:

	2024	2023
Amounts due in less than one year		
California Violence Intervention and Prevention	$ 479,051	$ -
Los Angeles Centers for Alcohol and Drug Abuse	185,649	112,971
Office of Justice Programs: Bureau of Justice Assistance	159,651	81,404
Roy and Patricia Disney Family Foundation	75,000	75,000
Kounkuey Design Initiative	60,212	-
BYRNE Criminal Justice Innovation Program	53,647	-
Community Based Public Safety Collective	48,013	-
Local Initiatives Support Corporation	39,424	-
Housing Authority of the City of Los Angeles	36,187	-
City of Fresno	32,283	12,203
California Department of Social Services	30,729	14,072
Other	5,165	-
Gang Reduction and Youth Development - City of Los Angeles	-	49,520
City of Los Angeles	-	34,185
Harder Company	-	25,718
The Otto Family Foundation	-	25,000
Everytown for Gun Safety Support Fund	-	20,000
City of San Bernardino	-	17,350
Southern California Crossroads	-	15,350
City of Somerville	-	3,188
	1,205,011	485,961
Amounts due in one to five years		
Roy and Patricia Disney Family Foundation	-	75,000
	-	75,000
Less: allowance for credit losses	(23,788)	-
	$ 1,181,223	$ 560,961

4. RETIREMENT PLAN

The Organization established a 403(b) plan available to all employees regardless of full-time or part-time status, and makes required contributions equal to 3% of salaries for eligible employees. The Organization contributed $59,222 and $43,989 to the plan during the years ended June 30, 2024 and 2023, respectively.

5. ACCRUED EXPENSES

Accrued expenses consisted of the following as of June 30:

	2024	2023
Accrued external grants	$ 977,497	$ -
Accrued vacation payable	110,449	56,200
Accrued payroll	61,282	41,784
	$ 1,149,228	$ 97,984

6. LEASES

The Organization leases a copier and office space under operating lease arrangements that expire at various dates through October 2026.

Right-of-use lease assets are as follows:

	2024	2023
Operating lease right-of-use assets	$ 116,573	$ 208,971

The operating lease liabilities are detailed as follows:

	2024	2023
Operating lease liabilities, current	$ 90,163	$ 99,372
Operating lease liabilities, net of current portion	21,319	109,010
	$ 111,482	$ 208,382

6. LEASES (continued)

Future maturities of the operating lease liabilities are as follows:

Year ending June 30,		
2025	$	92,716
2026		20,246
2027		1,183
		114,145
Less: imputed interest		(2,663)
Operating lease liabilities, net of imputed interest		111,482
Current portion		(90,163)
	$	21,319

Lease costs for the year consisted of the following:

	2024	2023
Operating lease costs		
Monthly scheduled rent	$ 98,655	$ 82,804

The weighted-average remaining lease terms and discount rates are as follows:

	2024	2023
Weighted-average remaining lease term - operating lease	1.17 years	2.15 years
Weighted-average discount rate - operating lease	3.87%	3.88%

During the years ended June 30, 2024 and 2023, the Organization incurred $490,650 and $35,000 of leasehold improvements, respectively, related to asbestos remediation within the office space. During the year ended June 30, 2024, the Organization incurred a $100,000 loss from disposal of leasehold improvements.

On August 12, 2024, the Organization entered into a leasing arrangement for new office space in Los Angeles, California and simultaneously executed an early termination of its existing property lease. The total commitment over the 68-month term of the new leasing arrangement is approximately $1,353,000.

7. NET ASSETS WITHOUT DONOR RESTRICTIONS

Board-designated net assets of $200,000 as of June 30, 2023, represent funds set aside by the Board as an endowment to generally fund the needs of the Organization. On July 13, 2023, the total amount of net assets held within the board-designated reserve of $200,000 was released in its entirety. No specific designations have been determined by the Board as of June 30, 2024.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

	2024	2023
Children's Defense Fund	$ 271,609	$ 143,595
The California Wellness Foundation	270,508	578,841
Roy and Patricia Disney Family Foundation	75,000	150,000
The Otto Family Foundation	-	25,000
LA2050 Project	-	42,305
Other	-	1,990
	$ 617,117	$ 941,731

Net assets with donor restrictions released from restriction during the year were as follows:

	2024	2023
Children's Defense Fund	$ 93,661	$ 35,936
The California Wellness Foundation	308,333	171,159
Roy and Patricia Disney Family Foundation	75,000	-
The Otto Family Foundation	25,000	-
LA2050	42,305	32,695
Other	1,990	-
Weingart Foundation	-	202,500
Annenberg Foundation	-	20,000
LA Dodgers Foundation	-	13,010
	$ 546,289	$ 475,300

9. LIQUIDITY AND FUNDS AVAILABLE

The following is a quantitative disclosure which describes financial assets that are available within one year of June 30, 2024 and 2023, to fund general expenditures and other obligations when they become due:

	2024	2023
Financial assets:		
Cash	$ 3,147,006	$ 930,681
Contributions and grants receivable due in less than one year	1,181,223	485,961
Accrued revenue	1,179,851	205,283
	5,508,080	1,621,925
Donor-imposed restrictions for a specific purpose	(617,117)	(941,731)
	$ 4,890,963	$ 680,194

SINGLE AUDIT REPORTS AND SCHEDULES

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
The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Los Angeles, California

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 The Connie Rice Institute for Urban Peace dba Urban Peace Institute (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated January 23, 2025.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness.

We consider the deficiency described in the accompanying schedule of findings and prior year findings as item 2024-01 to be a material weakness.

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*.

The Connie Rice Institute for Urban Peace's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Armanino LLP

Armanino[LLP]
Los Angeles, California

January 23, 2025

armanino

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Connie Rice Institute for Urban Peace dba Urban Peace Institute (the "Organization")'s 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, 2024. The Organization's major federal programs are 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 types of 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, 2024.

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; 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 generally accepted auditing standards, *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 generally accepted auditing standards, *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 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 weakness 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2024, and have issued our report thereon dated January 23, 2025, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Armanino LLP

Armanino LLP
Los Angeles, California

January 23, 2025

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
Expenditures of Federal Awards				
U.S. Department of Justice				
Direct awards				
Byrne Discretionary Community Project Funding	16.753	15PBJA-22-GG-00083-BRND	$ 76,397	$ 76,397
	16.753	15PBJA-23-GG-00070-BRND	$ 1,189,636	$ 748,799
Byrne Criminal Justice Innovation Program	16.817	15PBJA-21-GG-04121-BCJI	489,097	306,099
Community-Based Violence Intervention and Prevention Initiative	16.045	15PBJA-22-GG-04706-CVIP	409,092	247,499
Total U.S. Department of Justice			2,164,222	1,378,794
Total Expenditures of Federal Awards			$ 2,164,222	$ 1,378,794

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Notes to Schedule of Expenditures of Federal Awards
June 30, 2024

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of The Connie Rice Institute for Urban Peace dba Urban Peace Institute (the "Organization") under programs of the federal government for the year ended June 30, 2024. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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 limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. INDIRECT COST RATE

The Organization has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	Federal Assistance Listing Number
Byrne Discretionary Community Project Funding	16.753

Dollar threshold used to distinguish between Type A and Type B programs	$750,000
Auditee qualified as low-risk auditee?	No

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

Finding number:	**2024-01**
Criteria:	Nonprofit organizations are required to recognize contributions in the appropriate period designated by the donor in accordance with U.S. GAAP. There was a prior year material weakness related to internal controls surrounding contributions, and there was consistent finding for the year ended June 30, 2024.
Condition:	During the review of contributions, an oversight was identified involving one donation check dated June 28, 2024, for $5,000 that was not reviewed and recorded within the appropriate period. While this represents a continuation of findings related to contribution cutoff reviews, the scale and nature of the issue this year differ significantly from the prior year's findings.
Cause:	The Organization historically received numerous contributions and are in the process of improved internal controls surrounding this cycle, however the same finding occurred consistent with prior year's material weakness.
Effect or potential effect:	We proposed, and management recorded, the recognition of the contribution in the appropriate period.
Recommendation:	Management should consider all contributions for proper classification and cutoff of transactions, as a previous material weakness surrounding the internal controls could continue to be a significant impact to Organization.
View of responsible officials:	We acknowledge that a similar finding was identified last year regarding the review and recognition of contributions. This year's issue involved a single individual donation of $5,000, which arrived with no accompanying documentation other than a signed check dated June 28, 2024. Historically, individual donations have not gone through the same rigorous review process as foundation grants or larger contributions. However, we have now extended the review process for individual donations to align with that of grants, ensuring that all contributions are subject to the same level of oversight moving forward. It is important to note that this instance occurred during a particularly challenging period for the Organization, marked by significant growth in transaction volume, the transition of government grant consultants, and the operational demands of our office relocation. The oversight in question was a result of prioritizing timely deposit during an exceptionally busy time and does not, in our opinion, indicate a deficiency in controls. Despite these challenges, the accounting department has grown in both capacity and efficiency, meeting the increased demands of this fiscal year while implementing improvements to prevent similar issues in the future.

SECTION III - SUMMARY OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings to be reported.

The Connie Rice Institute for Urban Peace
dba Urban Peace Institute
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

This is the first year that the Organization is subject to a single audit. Therefore, there were no prior year findings.