

**URBAN LEAGUE OF MIDDLE TENNESSEE  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
JUNE 30, 2007 AND JUNE 30, 2006**

# URBAN LEAGUE OF MIDDLE TENNESSEE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Urban League of Middle Tennessee

We have audited the accompanying statement of financial position of *Urban League of Middle Tennessee* as of June 30, 2007 and June 30, 2006, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of *Urban League of Middle Tennessee*'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 *Urban League of Middle Tennessee* as of June 30, 2007 and June 30, 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

*Hoskins Co. P.C.*

Hoskins & Company, P.C.  
September 4, 2007

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2007 AND JUNE 30, 2006**

**Assets**

	<u>2007</u>	<u>2006</u>
Current Assets		
Cash	\$ 26,440	\$ 58,608
Membership Dues Receivable, less allowance for doubtful accounts of \$28,080	17,850	35,500
Grants Receivable	-	6,794
Prepaid Expenses	10,441	-
Total Current Assets	<u>54,731</u>	<u>100,902</u>
Noncurrent Assets		
Art Collection	2,000	2,000
Computer Equipment	27,728	9,607
Leasehold Improvements	28,241	14,860
Furniture and Fixtures	62,625	59,898
Appliances	2,750	2,750
Accumulated Depreciation	(65,744)	(69,674)
Total Noncurrent Assets	<u>57,600</u>	<u>19,441</u>
<b>Total Assets</b>	<u><u>\$ 112,331</u></u>	<u><u>\$ 120,343</u></u>

**Liabilities and Net Assets**

Current Liabilities		
Accounts Payable	\$ 30,407	\$ 42,149
Line of Credit	85,761	88,807
Accrued Payroll and Payroll Taxes	778	1,431
Total Current Liabilities	<u>116,946</u>	<u>132,387</u>
Net Assets		
Unrestricted	(4,615)	(12,044)
Total Net Assets	<u>(4,615)</u>	<u>(12,044)</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 112,331</u></u>	<u><u>\$ 120,343</u></u>

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

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006**

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<b>Revenue and Support</b>	<u><b>2007</b></u>	<u><b>2006</b></u>
Contributions, including membership dues	\$ 44,037	\$ 53,045
Families First Program	70,292	55,063
Workforce Development	6,700	63,970
Katrina Project	50,000	50,000
United Way Allocations	4,461	7,470
Special Events	274,688	256,517
Other Income	121	5,270
Interest Income	74	-
Total Unrestricted Revenues and Support	<u>450,373</u>	<u>491,335</u>
<b>Expenses</b>		
General & Administration		
Administration	121,636	86,699
Fundraising	102,695	109,511
Programs		
Education	-	1,669
Employment	213,041	245,438
Loss on Office Relocation	5,572	-
Total Expenses	<u>442,944</u>	<u>443,317</u>
<b>Increase in Net Assets</b>	7,429	48,018
<b>Net Assets at Beginning of Year</b>	(12,044)	(60,062)
<b>Net Assets at End of Year</b>	<u>\$ (4,615)</u>	<u>\$ (12,044)</u>

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

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006**

	<u>2007</u>	<u>2006</u>
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 7,429	\$ 48,018
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,357	4,653
Loss on office relocation	5,572	-
Decrease in accounts receivable	17,650	22,175
Decrease in grant receivable	6,794	10,423
Increase in prepaid expenses	(10,441)	-
(Decrease) in accounts payable	(11,742)	(7,979)
(Decrease) in accrued payroll and payroll taxes	(654)	(23,091)
Net cash provided by operating activities	<u>19,965</u>	<u>54,199</u>
<b>Cash Flows From Investing Activities</b>		
Donated/Purchase of fixed assets	(49,089)	(6,770)
Art Purchase	-	(2,000)
Net cash used in financing activities	<u>(49,089)</u>	<u>(8,770)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	20,800	26,127
Principal payments	(23,844)	(34,549)
Net cash provided (used) in financing activities	<u>(3,044)</u>	<u>(8,422)</u>
Net Increase in Cash Equivalents	(32,168)	37,007
Cash and Cash Equivalents, Beginning of Year	58,608	21,601
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 26,440</u></u>	<u><u>\$ 58,608</u></u>
Interest Paid	<u><u>\$ 11,310</u></u>	<u><u>\$ 11,070</u></u>

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

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2007**

	<u>Admin</u>	<u>Development and Fundraising</u>	<u>Employment (Workforce Dev)</u>	<u>Employment (Families First)</u>	<u>TOTAL</u>
Payroll	\$ 51,986	\$ 28,277	\$ 34,487	\$ 44,404	\$ 159,154
Payroll Taxes and Fringe Benefits	10,391	5,633	4,824	10,065	30,913
Workman's Comp	1,666	833	2,499	833	5,831
Contract Labor	15,263	30,757	27,617	8,106	81,743
Conferences/Mtgs.	4,387	1,712	14	-	6,113
Supplies	466	973	1,872	1,386	4,697
Assessments					-
Travel - Other	2,482	2,690	6,207	3,889	15,268
Computer Technology	230	270	-	-	500
Training Materials					-
Program Events					-
Other Program Expenses					-
Advertising	-	685	-	-	685
Dues and Subscript.	2,125	160	5,313	3,188	10,786
Licenses & Fees	440	-	-	-	440
Printing & Reprod.	668	5,395	2,107	1,002	9,172
Postage & Delivery	129	855	-	-	984
Professional Fees	1,012	-	3,713	2,025	6,750
Rent	4,540	549	15,098	8,235	28,422
Insurance	3,000	111	2,036	1,110	6,257
Equipment Rental	459	93	2,060	1,103	3,715
Repairs & Maint.	197	10	215	114	536
Janitorial Cleaning	204	32	1,846	920	3,002
Telephone	2,497	179	4,588	2,129	9,393
Utilities	928	111	3,916	1,859	6,814
Interest & Finance Charges	11,310	-	-	-	11,310
Bank Charges	1,707	-	-	-	1,707
Other Fundraising Costs	-	23,166	-	-	23,166
Miscellaneous Expense	4,478	204	(25)	-	4,657
Depreciation	1,071	-	2,679	1,607	5,357
<b>TOTAL</b>	<u>\$ 121,636</u>	<u>\$ 102,695</u>	<u>\$ 121,066</u>	<u>\$ 91,975</u>	<u>\$ 437,372</u>

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

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2006**

	<u>Admin</u>	<u>Fundraising</u>	<u>Education (Do The Right Thing)</u>	<u>Employment (Workforce Dev)</u>	<u>Employment (Families First)</u>	<u>TOTAL</u>
Payroll	\$ 24,861	\$ 38,399	\$ -	\$ 26,025	\$ 43,639	\$ 132,924
Payroll Taxes and Fringe Benefits	5,718	7,130	-	3,906	9,404	26,158
Workman's Comp	442	-	-	442	295	1,179
Contract Labor	12,921	18,758	125	44,929	7,733	84,466
Conferences/Mtgs.	723	-	-	1,489	-	2,212
Supplies	921	333	51	2,738	1,750	5,793
Assessments	-	-	-	-	696	696
Travel - Other	2,236	2,426	-	2,797	1,865	9,324
Computer Technology	(363)	325	-	435	231	628
Training Materials	-	-	-	275	995	1,270
Program Events	-	-	1,345	-	-	1,345
Other Program Expenses	-	-	-	250	-	250
Advertising	50	30	-	275	-	355
Dues and Subscript.	2,452	397	-	6,622	3,973	13,444
Licenses & Fees	253	-	-	14	8	275
Printing & Reprod.	1,966	-	-	4,916	2,950	9,832
Postage & Delivery	327	705	148	-	-	1,180
Professional Fees	2,975	-	-	7,763	4,063	14,801
Rent	7,625	-	-	19,063	9,912	36,600
Insurance	3,042	49	-	8,488	4,384	15,963
Equipment Rental	1,636	30	-	3,201	1,677	6,544
Repairs & Maint.	511	-	-	197	81	789
Telephone	3,121	230	-	5,396	2,825	11,572
Utilities	1,516	-	-	3,603	1,874	6,993
Interest & Finance Charges	11,070	-	-	-	-	11,070
Bank Charges	1,090	16	-	-	-	1,106
Other Fundraising Costs	-	40,683	-	-	-	40,683
Miscellaneous Expense	636	-	-	576	-	1,212
Depreciation	970	-	-	2,423	1,260	4,653
<b>TOTAL</b>	<u>\$ 86,699</u>	<u>\$ 109,511</u>	<u>\$ 1,669</u>	<u>\$ 145,823</u>	<u>\$ 99,615</u>	<u>\$ 443,317</u>

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



**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006**

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**Note 1--- Summary of Significant Accounting Policies**

Nature of Business and Affiliation. Urban League of Middle Tennessee (The Organization) is a not-for-profit agency established to enable African Americans and other minorities to secure economic self-reliance, parity and power, and civil rights. The Organization is affiliated with the National Urban League through a charter agreement. The Organization currently operates the following community development programs:

Employment Programs

1. Families First
2. Workforce Development

Support and Expenses. Contributions received are measured at their fair value and reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents. Cash and cash equivalents consist of cash held in checking and savings accounts. At year-end and throughout the year, The Organization's cash balances were deposited in three banks. Management believes The Organization is not exposed to any significant credit risk on cash and cash equivalents.

Income Taxes. The Organization is a tax-exempt entity under Section 501 (c) (3) of the Internal Revenue Code and is currently operating under a determination letter issued by the Internal Revenue Service on July 17, 1968.

Depreciation. Fixed assets are recorded at cost at the date of purchase or fair value at the date of donation. Capital purchases and donations over \$1,000 with an extended useful life are included as fixed assets. Depreciation is taken on a straight-line basis over the estimated useful life of the assets. The estimated useful lives are as follows:

Leasehold improvements	20 years
Furniture and fixtures	5-7 years
Computers	3-5 years

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006**

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**Note 2---Grants Receivable**

Grants receivable consist of claims for reimbursements submitted to grantors for various program expenditures. The balance as of June 30, 2007 and June 30, 2006, was zero and \$6,794, respectively. No allowance for uncollectible funds was considered necessary.

**Note 3---Fair Value of Financial Instruments**

The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value.

**Note 4---Line of Credit**

The Organization has a \$100,000 revolving line of credit with a financial institution, with an interest rate of 10.25%. The balance is due on demand. The balance of the line of credit as of June 30, 2007 and June 30, 2006 was \$85,761 and \$88,807, respectively. Assets of the Organization secure the line of credit.

The Organization has a \$50,000 credit line with Dell Business Credit, with an interest rate of 13%. The balance is due on demand. The balance of the credit line as of June 30, 2007 was \$412, with \$42,375 available credit.

The Organization has a \$25,000 credit card from a financial institution with an interest rate of 24.24% for cash advances. The balance owed on the card as of June 30, 2007 was \$5,064, with \$19,936 available credit.

The Organization has a \$8,000 credit card from a financial institution with a interest rate of 18.99%. The balance owed on the card as of June 30, 2007 was \$5,961, with \$2,031 available credit.

**Note 5---Functional Allocation of Expenses**

The costs of providing the various programs of the Organization have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs benefited.

**Note 6--Operating Leases**

The Organization has the following operating leases:

1. An operating lease for office equipment with a monthly leasing payment of \$508, included in the financial statements as equipment rental. Total payments for the year ended June 30, 2007

**URBAN LEAGUE OF MIDDLE TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2007 AND JUNE 30, 2006**

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and 2006, including applicable late fees, were \$3,715 and \$6,544, respectively.

2. The Organization leases their current premises under a three year and four month lease agreement that commenced on March 15, 2007 and expires on July 31, 2010. The current rental lease payment is \$3,485.

The future minimum lease payment is as follows:

- 2008	\$41,820
- 2009	42,660
- 2010	43,500