

URBAN LEAGUE OF MIDDLE TENNESSEE

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2022

(WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2021)

URBAN LEAGUE OF MIDDLE TENNESSEE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Urban League of Middle Tennessee
Nashville, TN

Opinion

We have audited the accompanying financial statements of Urban League of Middle Tennessee (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 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 Urban League of Middle Tennessee as of June 30, 2022, and the changes in 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. 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 Urban League of Middle Tennessee and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Urban League of Middle Tennessee'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 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.

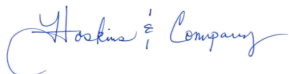
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Urban League of Middle Tennessee'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 Urban League of Middle Tennessee'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.

Report on Summarized Comparative Information

We have previously audited Urban League of Middle Tennessee's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Hoskins & Company

Nashville, TN

February 16, 2023

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash	\$ 5,658,411	\$ 581,736
Accounts receivable (Note 4)	268,445	46,099
Other current assets (Note 5)	18,173	17,869
Total current assets	<u>5,945,029</u>	<u>645,704</u>
Noncurrent assets		
Property and equipment, net (Note 6)	16,979	8,489
Total noncurrent assets	<u>16,979</u>	<u>8,489</u>
Total assets	<u><u>\$ 5,962,008</u></u>	<u><u>\$ 654,193</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 72,511	\$ 69,963
Accrued payroll and payroll taxes	22,921	7,427
Line of credit (Note 7)	39,066	52,929
Deferred revenue	5,518,342	236,503
Short-term loan	149,259	149,900
PPP Loan (Note 8)	-	22,800
Total current liabilities	<u>5,802,099</u>	<u>539,522</u>
Net assets		
Net Assets Without Donor Restrictions	159,909	114,671
Total net assets	<u>159,909</u>	<u>114,671</u>
Total liabilities and net assets	<u><u>\$ 5,962,008</u></u>	<u><u>\$ 654,193</u></u>

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

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS JUNE 30, 2021)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022 Total Net Assets	2021 Total Net Assets
Revenue and support				
Contributions	\$ 71,930	\$ -	\$ 71,930	\$ 22,849
Fundraising	483,238	-	483,238	85,665
Grant programs	740,921	-	740,921	730,544
Membership	67,104	-	67,104	125,787
Other income	113,055	-	113,055	60,919
Total revenue and support	<u>1,476,248</u>	<u>-</u>	<u>1,476,248</u>	<u>1,025,764</u>
Expenses				
General & administration				
Administration	531,661	-	531,661	259,551
Fundraising	106,469	-	106,469	26,605
Total general & administration	<u>638,130</u>	<u>-</u>	<u>638,130</u>	<u>286,156</u>
Programs				
Education	71,583	-	71,583	57,682
Employment	201,145	-	201,145	355,139
CARES/COVID Fund	7,835	-	7,835	-
Other	512,317	-	512,317	23,819
Total programs	<u>792,880</u>	<u>-</u>	<u>792,880</u>	<u>792,880</u>
Total expenses	<u>1,431,010</u>	<u>-</u>	<u>1,431,010</u>	<u>981,940</u>
Increase in net assets	45,238	-	45,238	43,824
Net assets at beginning of fiscal year	114,671	-	114,671	70,847
Net assets at end of fiscal year	<u>\$ 159,909</u>	<u>\$ -</u>	<u>\$ 159,909</u>	<u>\$ 114,671</u>

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

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2020)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase in net assets	\$ 45,238	\$ 43,824
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,931	6,132
Increase (decrease) in accounts receivable	(222,346)	14,276
Increase in other assets	(304)	(84)
Increase in accounts payable	2,548	21,807
Increase (decrease) in accrued payroll	15,494	(2,546)
Increase in due to deferred revenue	5,281,839	82,346
Net cash provided by operating activities	<u>5,130,400</u>	<u>165,755</u>
 Cash flows from investing activities		
Purchase of property and equipment	<u>(16,420)</u>	<u>(3,291)</u>
Net cash used in investing activities	<u>(16,420)</u>	<u>(3,291)</u>
 Cash flows from financing activities		
Proceeds from PPP loan forgiveness	(22,800)	-
Payments from line of credit	(13,863)	(18,818)
(Payments) proceeds from short-term loan	<u>(641)</u>	<u>149,900</u>
Net cash (used in) provided by financing activities	<u>(37,304)</u>	<u>131,082</u>
 Net change in cash and cash equivalents	5,076,676	293,546
Cash and cash equivalents, beginning of fiscal year	<u>581,736</u>	<u>288,190</u>
Cash and cash equivalents, end of fiscal year	<u><u>\$ 5,658,411</u></u>	<u><u>\$ 581,736</u></u>
 Interest Paid	<u><u>\$ 5,426</u></u>	<u><u>\$ 3,561</u></u>

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

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2021)

	Administration	Annual Gala	Golf Tournament	Total Fundraising	Education (Youth dev.)	Employment (Workforce dev.)	CARES/ COVID Fund	Programs (other)	Total Program	2022 Total	2021 Total
Advertising	\$ 5,654	\$ -	\$ -	\$ -	\$ -	\$ 2,847	\$ -	\$ 6,177	\$ 9,024	\$ 14,678	\$ 2,565
Computer technology	37,674	-	-	-	450	5,177	-	5,108	10,735	48,409	50,263
Conferences & meetings	11,604	15	-	15	-	1,045	-	560	1,605	13,224	5,271
Contract labor	50,974	-	1,550	1,550	7,400	55,455	-	123,928	186,783	239,307	198,117
Contribution expenses	1,532	-	-	-	-	-	-	-	-	1,532	11,641
Depreciation	7,931	-	-	-	-	-	-	-	-	7,931	6,132
Dues and subscriptions	14,277	-	-	-	-	-	-	-	-	14,277	-
Fees for services nonemployees	-	-	-	-	-	-	-	-	-	-	110,042
Fringe benefits	49,792	-	-	-	-	15,907	-	(913)	14,994	64,786	48,050
Fundraising, special events food and venue costs	-	48,768	54,882	103,650	-	18,169	7,835	21,520	47,524	151,174	16,155
Insurance	4,581	-	-	-	-	-	-	-	-	4,581	5,294
Interest & finance charges	4,212	1,214	-	1,214	-	-	-	-	-	5,426	3,561
Miscellaneous	7,750	-	-	-	-	-	-	-	-	7,750	7,325
Occupancy	72,788	-	-	-	24,262	24,262	-	24,262	72,786	145,574	110,180
Office expenses	8,596	-	-	-	15	85	-	29,642	29,742	38,338	18,673
Officer's salary	72,740	-	-	-	-	-	-	21,923	21,923	94,663	76,672
Payroll	127,426	-	-	-	-	75,637	-	68,388	144,025	271,451	179,271
Payroll taxes	8,727	-	-	-	-	1,767	-	6,806	8,573	17,300	-
Professional development	20,302	-	-	-	-	-	-	-	-	20,302	1,400
Professional services	19,860	-	-	-	19,850	-	-	61,921	81,771	101,631	5,640.00
Program meals and supplies	-	-	-	-	12,334	693	-	8,990	22,017	22,017	116,196
Regranting to related organizations	-	-	-	-	-	-	-	132,000	132,000	132,000	-
Travel	5,241	-	40	40	7,272	101	-	2,005	9,378	14,659	9,492
TOTAL	\$ 531,661	\$ 49,997	# \$ 56,472	\$ 106,469	# \$ 71,583	\$ 201,145	\$ 7,835	\$ 512,317	\$ 792,880	\$ 1,431,010	\$ 981,940

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

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

NOTE 1--- NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Urban League is affiliated with the National Urban League through a charter agreement. The Urban League currently operates community development programs such as the Youth and Workforce development programs.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities. The financial statement presentation follows the recommendations of the Financial Accounting Standard Board’s Accounting Standard Codification (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, the Organization is reporting information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets without donor restrictions — Net assets that are not restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets with donor restrictions — Net assets that are restricted by purpose or time either temporarily or perpetually by explicit donor stipulations or by law.

At June 30, 2022 and 2021 the Organization had no net assets with donor restrictions

Support and Revenue

Membership fees, individual donations, and the net proceeds from the annual fundraiser are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received in writing. Unconditional promises to give due in the next year are reflected as current promises to give and recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using interest rates estimated to be applicable to the years in which the promises are received to discount the amounts.

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles. Management is required to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and savings accounts. The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair value. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

Contribution Receivable

The Organization records contributions receivable at their estimated net realizable value. An allowance for doubtful accounts is recorded based upon management's estimate of uncollectible contributions determined by analysis of specific balances and a general reserve based upon aging of outstanding balances. Past due balances are charged against the allowance when they are determined to be uncollectible.

Property and Equipment

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
Equipment	3-5 years

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

NOTE 1---NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is not practicable for the Organization to estimate the amount of compensation for future absences; accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

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.

Functional Expenses

Management allocates expenses on a functional basis among its various programs, including support services and fundraising activities. Expenses and support services that can be identified with a specific program are allocated directly to their natural expenditure classification. Other expenses that are common to several programs are allocated based on various relationships.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements

NOTE 2—ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. Advertising expenses are expensed as incurred. During 2022 and 2021, advertising expense totaled \$14,678 and \$2,565.

NOTE 3---LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	2022	2021
Cash and cash equivalents	\$ 5,658,411	\$ 581,737
Accounts receivable	268,445	46,099
Financial assets, at year end	\$ 5,926,856	\$ 627,836
Less those unavailable for general expenditures within one year, due to:		
	(-)	(-)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,926,856	\$ 627,836

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

NOTE 4---ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2022	2021
Contributions receivable	\$ 268,445	\$ 46,099
Allowance of doubtful accounts	-	-
Total contributions (net)	<u>\$ 268,445</u>	<u>\$ 46,099</u>

NOTE 5---OTHER CURRENT ASSETS

Other current assets consist of the following:

	2022	2021
Prepaid expense	\$ 10,409	\$ 10,324
Security deposit	7,461	7,461
Total	<u>\$ 17,870</u>	<u>\$ 17,785</u>

NOTE 6---PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2022	2021
Computer equipment	\$ 107,974	\$ 94,578
Furniture and fixtures	28,366	23,340
Art Collection	0	2,000
Machinery and equipment	6,758	6,758
Less: accumulated depreciation	(126,118)	(118,187)
Total	<u>\$ 16,979</u>	<u>\$ 8,489</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$7,931 and \$6,132 respectively.

NOTE 7---LINE OF CREDIT

The Organization has a \$100,000 revolving line of credit with a financial institution, with a variable interest rate of 6%. The balance outstanding on this line of credit as of June 30, 2022 and June 30, 2021 was \$39,066 and \$52,929 respectively. The balance is due on demand. The assets of the Organization secure the line of credit.

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021)

NOTE 8---OPERATING LEASES

The Organization leases space for administrative and program services under the terms of an operating lease. The term of the lease is for five years beginning May 1, 2014 and ending on September 30, 2020. The monthly lease payment as of June 30, 2020 was \$8,704; which began on July 1, 2021. Rent expense for the years ended June 30, 2022 and June 30, 2021, was \$145,574 and \$110,180, respectively.

NOTE 9---SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of February 16, 2023, the date management evaluated such events. February 16, 2023, is the date the financial statements were available to be issued.