

**URBAN LEAGUE OF MIDDLE TENNESSEE
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

JUNE 30, 2010 AND JUNE 30, 2009

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URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010 AND JUNE 30, 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current assets		
Cash	\$ 12,551	\$ 7,048
Accounts receivable	1,550	32,057
Other assets	3,625	3,625
Total current assets	<u>17,726</u>	<u>42,730</u>
Noncurrent Assets		
Art collection	2,000	2,000
Computer equipment	27,728	27,728
Leasehold improvements	28,241	28,241
Furniture and fixtures	62,625	62,625
Appliances	2,750	2,750
Accumulated depreciation	(112,895)	(99,527)
Total noncurrent assets	<u>10,449</u>	<u>23,817</u>
Total assets	<u><u>\$ 28,175</u></u>	<u><u>\$ 66,547</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 26,980	\$ 17,027
Line of credit	95,828	79,178
Accrued payroll and payroll taxes	3,803	2,526
Deferred revenue	13,500	-
Total current liabilities	<u>140,111</u>	<u>98,731</u>
Net assets		
Unrestricted	(111,936)	(32,184)
Total net assets	<u>(111,936)</u>	<u>(32,184)</u>
Total liabilities and net assets	<u><u>\$ 28,175</u></u>	<u><u>\$ 66,547</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, 2010 AND JUNE 30, 2009

	<u>2010</u>	<u>2009</u>
Revenue and support		
Contributions	\$ 48,560	\$ 13,177
Workforce development	64,604	61,850
Youth development	64,574	128,442
United way allocations	1,866	2,358
Special events	217,084	190,750
Other income	150	1,865
Total revenues and support	<u>396,838</u>	<u>398,442</u>
Expenses		
General & administration		
Administration	115,382	100,717
Memberships		
Fundraising	91,174	54,903
Programs		
Education	130,146	79,421
Employment	130,206	190,474
Other	9,682	-
Total expenses	<u>476,590</u>	<u>425,515</u>
Decrease in net assets	(79,752)	(27,073)
Net assets at beginning of year	(32,184)	(3,822)
Adjustment to prior year net assets (Note 8)	-	(1,289)
Net assets at end of year	<u>\$ (111,936)</u>	<u>\$ (32,184)</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, 2010 AND JUNE 30, 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Decrease in net assets	\$ (79,752)	\$ (27,073)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	13,368	15,242
Decrease in accounts receivable	30,507	28,413
Decrease in other assets	-	2,077
Increase (decrease) in accounts payable	9,953	(20,858)
Increase (decrease) in accrued payroll and payroll taxes	1,277	(1,534)
Increase in deferred revenue	13,500	-
Net cash used by operating activities	<u>(11,147)</u>	<u>(3,733)</u>
Cash flows from financing activities		
Proceeds from line of credit	52,477	22,566
Principal payments on line of credit	<u>(35,827)</u>	<u>(30,791)</u>
Net cash provided (used) by financing activities	<u>16,650</u>	<u>(8,225)</u>
Net increase (decrease) in cash equivalents	5,503	(11,958)
Cash and cash equivalents, beginning of year	<u>7,048</u>	<u>19,006</u>
Cash and cash equivalents, end of year	<u><u>\$ 12,551</u></u>	<u><u>\$ 7,048</u></u>
 Interest Paid	 <u><u>\$ 6,963</u></u>	 <u><u>\$ 6,453</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, 2010

	Administration	Development and fundraising	Education (Youth dev.)	Employment (Workforce dev.)	Programs (other)	Total
Payroll	\$ 53,152	\$ 28,874	\$ 62,803	\$ 42,840	\$ 7,659	\$ 195,328
Payroll taxes & fringe benefits	6,918	3,704	15,372	5,140	1,910	33,044
Workman's comp	1,586	-	793	1,586	-	3,965
Contract labor	1,326	6,024	9,701	4,928	-	21,979
Conferences/mtgs	120	1,164	-	-	-	1,284
Supplies	399	652	953	491	-	2,495
Travel - other	2,256	889	2,476	3,079	31	8,731
Computer technology	801	-	-	1,100	-	1,901
Training materials	-	-	181	614	-	795
Program events	-	-	5,389	13	-	5,402
Stipend expense	-	-	28,624	-	-	28,624
Other program expenses	-	-	2,878	-	-	2,878
Advertising	25	2,405	-	500	-	2,930
Dues and subscriptions	9,751	-	-	-	-	9,751
Licenses & fees	345	-	-	-	-	345
Legal & professional fees	426	-	-	7,324	-	7,750
Printing & reproduction	85	2,945	397	-	-	3,427
Postage & delivery	99	1,286	208	75	52	1,720
Rent	10,024	-	367	36,938	-	47,329
Insurance	2,380	-	-	4,564	-	6,944
Equipment rental	(302)	-	-	3,885	-	3,583
Repairs & maintenance	(183)	-	-	377	-	194
Telephone	719	-	-	6,029	-	6,748
Utilities	3,051	-	-	8,428	-	11,479
Interest & finance charges	6,963	-	-	-	-	6,963
Bank charges	1,313	210	-	-	30	1,553
Other fundraising costs	-	43,021	-	-	-	43,021
Miscellaneous expense	760	-	4	2,295	-	3,059
Depreciation	13,368	-	-	-	-	13,368
TOTAL	\$ 115,382	\$ 91,174	\$ 130,146	\$ 130,206	\$ 9,682	\$ 476,590

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

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2009

	Administration	Development and fundraising	Education (Youth dev.)	Employment (Workforce dev.)	Total
Payroll	\$ 50,207	\$ 16,742	\$ 37,438	\$ 73,593	\$ 177,980
Payroll taxes and fringe benefits	8,109	1,509	6,565	13,460	29,643
Workman's comp	(1,652)	-	-	5,402	3,750
Contract labor	4,552	9,205	6,508	1,997	22,262
Conferences/mtgs.	2,419	-	1,362	20	3,801
Supplies	1,131	270	741	829	2,971
Travel - other	2,783	1,145	2,314	3	6,245
Computer technology	1,175	130	-	1,177	2,482
Training materials	-	-	300	-	300
Program events	-	-	9,492	2,528	12,020
Stipend expense	-	-	6,971	-	6,971
Other program expenses	-	-	4,553	-	4,553
Advertising	(369)	885	-	-	516
Dues and subscription	1,293	-	-	11,635	12,928
Licenses & fees	320	-	50	-	370
Legal & professional fees	5,694	-	-	2,996	8,690
Property tax	471	-	-	-	471
Printing & reprod.	1,605	2,989	78	-	4,672
Postage & delivery	324	688	-	-	1,012
Rent	7,143	-	-	37,296	44,439
Insurance	2,666	-	-	3,528	6,194
Equipment rental	504	36	-	4,709	5,249
Repairs & maint.	1,450	275	-	2,957	4,682
Telephone	1,008	-	-	6,149	7,157
Utilities	596	-	-	11,526	12,122
Interest & finance charges	6,453	-	-	-	6,453
Bank charges	1,266	5	-	-	1,271
Other fundraising costs	-	20,599	-	-	20,599
Miscellaneous expense	45	425	-	-	470
Depreciation	1,524	-	3,049	10,669	15,242
TOTAL	\$ 100,717	\$ 54,903	\$ 79,421	\$ 190,474	\$ 425,515

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, 2010 AND JUNE 30, 2009

NOTE 1---NATURE OF THE ORGANIZATION

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. Youth Development
2. Workforce Development

NOTE 2---SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At June 30, 2010, the Organization had no temporarily or permanently restricted net assets.

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 amount 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.

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

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. 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.

Accounts Receivable

The Organization records accounts receivable at their estimated net realizable value. An allowance for doubtful accounts is recorded based upon management's estimate of uncollectible accounts 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, Plant 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

Deferred Revenues

The Organization records receipts obtained before service is rendered as a liability.

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.

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009

NOTE 3---ACCOUNTS RECEIVABLE

The Organization accounts receivable is recorded as follows:

	<u>2010</u>	<u>2009</u>
Accounts receivable	\$ 1,550	\$ 32,057
Less: allowance for doubtful accounts	<u>-</u>	<u>-</u>
Total	<u>\$ 1,550</u>	<u>\$ 32,057</u>

NOTE 4---OTHER CURRENT ASSET

The Organization signed a lease agreement (Note 7) for office space in which a security deposit in the amount of \$3,625 was required by the Lessor.

NOTE 5---LINE OF CREDIT

The Organization has a \$100,000 revolving line of credit with a financial institution, with a variable interest rate of 6% as of June 30, 2010 and 6% as of June 30, 2009. The balance is due on demand. The balance of the line of credit as of June 30, 2010 and June 30, 2009 was \$95,828 and \$79,178, 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 14.99%. The balance of the credit line as of June 30, 2010 was \$0, with \$50,000 available credit.

The Organization has a \$10,325 credit card from a financial institution with an interest rate of 8%. The balance owed on the card as of June 30, 2010 was \$8,220, and is recorded as a part of accounts payable. The credit card is closed and no longer accessible to the Organization.

NOTE 6---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.

**URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2010 AND JUNE 30, 2009**

NOTE 7---OPERATING LEASES

The Organization has the following operating leases:

1. The Organization leases their current premises under an informal month to month lease agreement that originally commenced on March 15, 2007, and expired on July 31, 2010. The current monthly lease payment is \$3,625.
2. The Organization leases office equipment under a three year lease agreement that commenced on December 31, 2009 and expires on December 31, 2012. The current monthly lease payment is \$250.

The future minimum lease payment is as follows:

- 2011	3,000
- 2012	2,750

NOTE 8---PRIOR YEAR NET ASSETS

The Organization's prior year net assets are restated due to understated accumulated depreciation of \$1,289 at June 30, 2009. Thus, the net assets of the Organization are adjusted to reflect this change.

NOTE 9---SUBSEQUENT EVENTS

There were no subsequent events requiring disclosures as of March 31, 2011, the date management evaluated such events. March 31, 2011 is the date the financial statements were available to be issued.