

URBAN LEAGUE OF MIDDLE TENNESSEE

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

(WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2020)

URBAN LEAGUE OF MIDDLE TENNESSEE

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Urban League of Middle Tennessee (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, cash flow, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

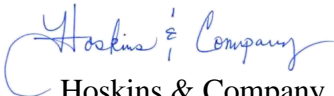
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Urban League of Middle Tennessee as of June 30, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Urban League of Middle Tennessee's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink that reads "Hoskins & Company". The signature is written in a cursive, flowing style.

Hoskins & Company
Nashville, TN
January 20, 2022

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash	\$ 581,736	\$ 288,190
Accounts receivable (Note 4)	46,099	60,375
Other current assets (Note 5)	17,869	17,785
Total current assets	<u>645,704</u>	<u>366,350</u>
Noncurrent assets		
Property and equipment, net (Note 6)	8,489	11,330
Total noncurrent assets	<u>8,489</u>	<u>11,330</u>
Total assets	<u><u>\$ 654,193</u></u>	<u><u>\$ 377,680</u></u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 69,963	\$ 48,156
Accrued payroll and payroll taxes	7,427	9,973
Line of credit (Note 7)	52,929	71,747
Deferred revenue	236,503	154,157
Short-term loan	149,900	-
PPP Loan (Note 8)	22,800	22,800
Total current liabilities	<u>539,522</u>	<u>306,833</u>
Net assets		
Net Assets Without Donor Restrictions	114,671	70,847
Total net assets	<u>114,671</u>	<u>70,847</u>
Total liabilities and net assets	<u><u>\$ 654,193</u></u>	<u><u>\$ 377,680</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, 2021 (WITH COMPARATIVE TOTALS JUNE 30, 2020)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total Net Assets	2020 Total Net Assets
Revenue and support				
Contributions	\$ 22,849	\$ -	\$ 22,849	\$ 8,193
Fundraising	85,665	-	85,665	231,285
Grant programs	730,544	-	730,544	281,738
Membership	125,787	-	125,787	114,224
Other income	60,919	-	60,919	25,292
Total revenue and support	<u>1,025,764</u>	<u>-</u>	<u>1,025,764</u>	<u>660,732</u>
Expenses				
General & administration				
Administration	259,551	-	259,551	275,592
Fundraising	26,605	-	26,605	34,900
Total general & administration	<u>286,156</u>	<u>-</u>	<u>286,156</u>	<u>310,492</u>
Programs				
Education	57,682	-	57,682	27,198
Employment	355,139	-	355,139	172,682
CARES/COVID Fund	259,144	-		
Other	23,819	-	23,819	6,956
Total programs	<u>695,784</u>	<u>-</u>	<u>695,784</u>	<u>206,836</u>
Total expenses	<u>981,940</u>	<u>-</u>	<u>981,940</u>	<u>517,328</u>
Increase in net assets	43,824	-	43,824	143,404
Net assets at beginning of fiscal year	70,847	-	70,847	(72,557)
Net assets at end of fiscal year	<u>\$ 114,671</u>	<u>\$ -</u>	<u>\$ 114,671</u>	<u>\$ 70,847</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>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets	\$ 43,824	\$ 143,404
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	6,132	11,920
Increase (decrease) in accounts receivable	14,276	(27,206)
Increase in other assets	(84)	(1,211)
Increase (decrease) in accounts payable	21,807	(18,536)
(Decrease) increase in accrued payroll	(2,546)	5,316
Increase in due to deferred revenue	82,346	66,521
Net cash provided by operating activities	<u>165,755</u>	<u>180,208</u>
 Cash flows from investing activities		
Purchase of property and equipment	<u>(3,291)</u>	<u>-</u>
Net cash used in investing activities	(3,291)	-
 Cash flows from financing activities		
Proceeds from PPP loan	-	22,800
(Payments) Proceeds from line of credit	(18,818)	20,856
Proceeds from short-term loan	149,900	
Net cash provided by financing activities	<u>131,082</u>	<u>43,656</u>
 Net change in cash and cash equivalents	293,546	223,864
Cash and cash equivalents, beginning of fiscal year	288,190	64,326
Cash and cash equivalents, end of fiscal year	<u><u>\$ 581,736</u></u>	<u><u>\$ 288,190</u></u>
 Interest Paid	<u><u>\$ 3,561</u></u>	<u><u>\$ 4,468</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, 2021 (WITH COMPARATIVE SUMMARIZED TOTALS AS OF JUNE 30, 2020)

	Administration	Annual Gala	Golf Tournament	Other Fundraiser	Total Fundraising	Education (Youth dev.)	Employment (Workforce dev.)	CARES/ COVID Fund	Programs (other)	Total Program	Total	2020 Total
Advertising	\$ 1,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 2,565	\$ 6,104
Computer technology	35,601	-	450	-	450	100	9,410	953	3,749	14,212	50,263	8,425
Computer lab												21,640
Conferences & meetings	5,271	-	-	-	-	-	-	-	-	-	5,271	798
Contract labor	12,425	-	-	-	-	7,797	131,983	32,662	13,250	185,692	198,117	73,550
Contribution expenses	1,641	-	-	10,000	10,000	-	-	-	-	-	11,641	200
Depreciation	6,132	-	-	-	-	-	-	-	-	-	6,132	11,920
Fees for services nonemployees		-	-	-	-	982	20,154	83,086	5,820	110,042	110,042	-
Fringe benefits	17,822	-	-	-	-	-	24,722	5,506	-	30,228	48,050	27,675
Fundraising food and venue costs		300	15,855	-	16,155	-	-	-	-	-	16,155	37,080
Insurance	5,294	-	-	-	-	-	-	-	-	-	5,294	1,937
Interest & finance charges	3,561	-	-	-	-	-	-	-	-	-	3,561	4,924
Miscellaneous	44	-	-	-	-	-	7,000	281	-	7,281	7,325	338
Occupancy	55,090	-	-	-	-	18,363	18,364	18,363	-	55,090	110,180	112,952
Office expenses	18,673	-	-	-	-	-	-	-	-	-	18,673	18,822
Officer's salary	76,672	-	-	-	-	-	-	-	-	-	76,672	67,769
Payroll	10,833	-	-	-	-	-	132,422	36,016	-	168,438	179,271	39,342
Payroll taxes	-	-	-	-	-	-	-	-	-	-	-	72,468
Professional development	1,400	-	-	-	-	-	-	-	-	-	1,400	8,597
Professional services	5,640	-	-	-	-	-	-	-	-	-	5,640	-
Program meals and supplies	1,512	-	-	-	-	21,899	10,890	81,895	-	114,684	116,196	-
Travel	375	-	-	-	-	8,541	194	382	-	9,117	9,492	2,787
TOTAL	\$ 259,551	\$ 300	\$ 16,305	\$ 10,000	\$ 26,605	\$ 57,682	\$ 355,139	\$ 259,144	\$ 23,819	\$ 695,784	\$ 981,940	\$ 517,328

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, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

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, 2021 and 2020 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, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

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, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

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 2021, advertising expense totaled \$2,565.

NOTE 3---LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	2021	2020
Cash and cash equivalents	\$ 581,737	\$ 288,190
Accounts receivable	46,099	60,375
Financial assets, at year end	\$ 627,836	\$ 348,565
Less those unavailable for general expenditures within one year, due to:		
	(-)	(-)
Financial assets available to meet cash needs for general expenditures within one year	(-)	(-)
	\$ 627,836	\$ 348,565

URBAN LEAGUE OF MIDDLE TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

NOTE 4---ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	2021	2020
Contributions receivable	\$ 46,099	\$ 85,955
Allowance of doubtful accounts	-	(28,080)
Total contributions (net)	<u>\$ 46,099</u>	<u>\$ 33,169</u>

NOTE 5---OTHER CURRENT ASSETS

Other current assets consist of the following:

	2021	2020
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:

	2021	2020
Computer equipment	\$ 94,578	\$ 91,287
Furniture and fixtures	23,340	23,340
Art Collection	2,000	2,000
Machinery and equipment	6,758	6,758
Less: accumulated depreciation	(118,187)	(112,055)
Total	<u>\$ 8,489</u>	<u>\$ 11,330</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$6,132 and \$11,920 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, 2021 and June 30, 2020 was \$202,829 and \$71,747 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, 2021
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020)

NOTE 8---PPP LOAN

On May 4, 2020, The Organization was granted a loan from Truist Bank in the aggregate amount of \$22,800, pursuant to the Paycheck Protection Program (the “PPP”) under the Division A, Title of the CARES Act, which was enacted March 27, 2020.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, we cannot assure you that we will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

NOTE 9---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 October 1, 2019. Rent expense for the years ended June 30, 2020 and June 30, 2019, was \$106,664 and \$109,144, respectively.

NOTE 10---SUBSEQUENT EVENTS

There were no subsequent events requiring disclosure as of January 20, 2022, the date management evaluated such events. January 20, 2022, is the date the financial statements were available to be issued.