

**URBAN LEAGUE OF MIDDLE TENNESSEE**

**INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

# URBAN LEAGUE OF MIDDLE TENNESSEE

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1900 Church Street, Suite 200 ■ Nashville, TN 37203  
phone 615.321.7333 ■ fax 615.523.1868

## **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, 2018, 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.

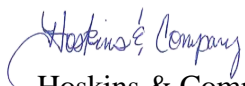
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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, 2018, 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 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Hoskins & Company  
Nashville, TN  
July 1, 2019

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND JUNE 30, 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Current assets		
Cash	\$ 100,789	\$ 122,702
Accounts receivable (Note 2)	24,777	42,585
Other current assets (Note 3)	<u>13,754</u>	<u>15,630</u>
Total current assets	<u>139,320</u>	<u>180,917</u>
Noncurrent assets		
Property and equipment, net (Note 4)	<u>38,117</u>	<u>54,861</u>
Total noncurrent assets	<u>38,117</u>	<u>54,861</u>
<b>Total assets</b>	<u><u>\$ 177,437</u></u>	<u><u>\$ 235,778</u></u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 60,537	\$ 40,900
Accrued payroll and payroll taxes	5,372	3,161
Line of credit (Note 5)	29,902	38,919
Due to TULA	98,265	77,153
Deferred rent liability	<u>9,237</u>	<u>19,251</u>
Total current liabilities	<u>203,313</u>	<u>179,384</u>
Net assets		
Net Assets Without Donor Restrictions	<u>(25,876)</u>	<u>56,394</u>
Total net assets (deficit)	<u>(25,876)</u>	<u>56,394</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 177,437</u></u>	<u><u>\$ 235,778</u></u>

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

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>2018 Total Net Assets</b>	<b>2017 Total Net Assets</b>
<b>Revenue and support</b>				
Contributions	\$ 763	\$ -	\$ 763	\$ 1,593
Fundraising	238,635	-	238,635	285,530
Grant programs	51,816	-	51,816	226,666
Membership	36,866	-	36,866	22,504
Other income	13,072	-	13,072	6,106
Total revenue and support	<u>341,152</u>	<u>-</u>	<u>341,152</u>	<u>542,399</u>
<b>Expenses</b>				
General & administration				
Administration	134,832	-	134,832	179,598
Fundraising	54,349	-	54,349	40,221
Total general & administration	<u>189,181</u>	<u>-</u>	<u>189,181</u>	<u>219,819</u>
Programs				
Education	121,358	-	121,358	136,533
Employment	111,119	-	111,119	92,372
Other	1,764	-	1,764	-
Total programs	<u>234,241</u>	<u>-</u>	<u>234,241</u>	<u>228,905</u>
Total expenses	<u>423,422</u>	<u>-</u>	<u>423,422</u>	<u>448,724</u>
(Decrease) increase in net assets	(82,270)	-	(82,270)	93,675
Net assets at beginning of fiscal year	56,394	-	56,394	(37,281)
Net assets at end of fiscal year	<u>\$ (25,876)</u>	<u>\$ -</u>	<u>\$ (25,876)</u>	<u>\$ 56,394</u>

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

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities</b>		
(Decrease) increase in net assets	\$ (82,270)	\$ 93,675
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	16,744	5,265
Decrease (increase) in accounts receivable	17,808	(23,720)
Decrease (increase) in other assets	1,876	(3,594)
Increase in accounts payable	19,637	20,064
Increase (decrease) in accrued payroll	2,211	(5,005)
Increase (decrease) in due to TULA	21,112	(5,000)
Decrease in deferred rent liability	(10,014)	(11,715)
Net cash (used in) provided by operating activities	<u>(12,896)</u>	<u>69,970</u>
 <b>Cash flows from investing activities</b>		
Purchase of property and equipment	<u>-</u>	<u>(27,870)</u>
Net cash used in investing activities	-	(27,870)
 <b>Cash flows from financing activities</b>		
Principal payments on line of credit	<u>(9,017)</u>	<u>(13,291)</u>
Net cash used in financing activities	<u>(9,017)</u>	<u>(13,291)</u>
 Net change in cash and cash equivalents	(21,913)	28,809
Cash and cash equivalents, beginning of fiscal year	114,111	85,302
<b>Cash and cash equivalents, end of fiscal year</b>	<u><u>\$ 92,198</u></u>	<u><u>\$ 114,111</u></u>
 Interest Paid	<u><u>\$ 68,500</u></u>	<u><u>\$ 87,224</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, 2018**

	<u>Administration</u>	<u>Annual Gala</u>	<u>Golf Tournament</u>	<u>Other Fundraising</u>	<u>Total Fundraising</u>	<u>Education (Youth dev.)</u>	<u>Education (Adult dev.)</u>	<u>Employment (Workforce dev.)</u>	<u>Programs (other)</u>	<u>Total Program</u>	<u>Total</u>
Advertising	\$ -	\$ 5,454	\$ -	\$ -	\$ 5,454	\$ -	\$ 535	\$ -	\$ -	\$ 535	\$ 5,989
Computer lab	-	-	-	-	-	26,070	-	-	-	26,070	26,070
Computer technology	1,959	-	-	-	-	-	-	-	-	-	1,959
Conferences & meetings	2,523	294	-	-	294	16	-	41	220	277	3,094
Contract labor	31,098	750	-	-	750	8,784	-	2,718	1,200	12,702	44,550
Contribution expenses	900	-	-	500	500	-	-	-	-	-	1,400
Depreciation	5,703	-	-	-	-	4,227	-	6,814	-	11,041	16,744
Founder's Day expense	1,697	-	-	150	150	49	-	-	-	49	1,896
Fringe benefits	1,147	-	-	-	-	843	-	1,383	-	2,226	3,373
Fundraising costs	-	30,412	15,979	-	46,391	135	-	-	-	135	46,526
Insurance	7,719	-	-	-	-	1,161	-	-	-	1,161	8,880
Interest & finance charges	3,236	-	-	-	-	-	-	-	-	-	3,236
Miscellaneous	306	-	-	-	-	150	-	-	-	150	456
Occupancy	9,633	-	-	-	-	43,352	-	43,352	-	86,704	96,337
Office expenses	17,389	259	34	199	492	710	-	-	-	710	18,591
Officer's salary	20,400	-	-	-	-	15,000	-	24,600	-	39,600	60,000
Other program expenses	-	-	-	-	-	735	-	-	8	743	743
Payroll	23,290	-	-	-	-	17,125	-	28,085	-	45,210	68,500
Payroll taxes	3,141	-	-	-	-	2,310	-	3,788	-	6,098	9,239
Postage & delivery	169	-	-	-	-	-	18	-	-	18	187
Printing & reproduction	1,400	306	-	-	306	-	-	-	-	-	1,706
Travel	3,122	-	12	-	12	123	15	165	336	639	3,773
Workforce development	-	-	-	-	-	-	-	173	-	173	173
<b>TOTAL</b>	<u>\$ 134,832</u>	<u>\$ 37,475</u>	<u>\$ 16,025</u>	<u>\$ 849</u>	<u>\$ 54,349</u>	<u>\$ 120,790</u>	<u>\$ 568</u>	<u>\$ 111,119</u>	<u>\$ 1,764</u>	<u>\$ 234,241</u>	<u>\$ 423,422</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, 2017**

	<b>Administration</b>	<b>Development and fundraising</b>	<b>Education (Youth dev.)</b>	<b>Education (Adult dev.)</b>	<b>Employment (Workforce dev.)</b>	<b>Total</b>
Advertising	\$ 300	\$ 250	\$ -	\$ 535	\$ -	\$ 1,085
Bank charges	546	434	-	-	-	980
Computer technology	318	-	1,057	-	188	1,563
Conferences & meetings	693	-	-	-	-	693
Contract labor	59,922	1,250	38,484	1,535	3,099	104,290
Depreciation	13,856	-	-	-	-	13,856
Dues & subscriptions	14,887	-	-	-	-	14,887
Equipment rental	1,262	-	-	-	-	1,262
Fundraising costs	-	35,658	-	-	-	35,658
Insurance	9,795	-	500	-	-	10,295
Interest & finance charges	3,239	-	-	-	-	3,239
Legal & professional fees	11,398	-	-	-	-	11,398
Miscellaneous	495	400	339	184	59	1,477
Other program expenses	-	-	11,689	1,574	-	13,263
Payroll	34,900	-	25,870	-	41,699	102,469
Payroll taxes & fringe benefits	4,536	-	3,418	-	7,977	15,931
Postage & delivery	139	47	-	224	-	410
Printing & reproduction	3,979	1,950	-	173	-	6,102
Program meals	614	-	5,363	192	99	6,268
Rent	8,722	-	39,251	-	39,251	87,224
Supplies	169	20	4,592	-	-	4,781
Telephone	3,744	-	-	-	-	3,744
Travel	3,500	212	1,544	9	-	5,265
Utilities	2,584	-	-	-	-	2,584
<b>TOTAL</b>	<b>\$ 179,598</b>	<b>\$ 40,221</b>	<b>\$ 132,107</b>	<b>\$ 4,426</b>	<b>\$ 92,372</b>	<b>\$ 448,724</b>

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

**URBAN LEAGUE OF MIDDLE TENNESSEE  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

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**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, 2018 and 2017, 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 YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

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**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 YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

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**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---ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following:

	2018	2017
Contributions receivable	\$ 52,857	\$ 69,145
Allowance of doubtful accounts	(28,080)	(28,080)
Contributions receivable, net	24,777	41,065
Employee Advance	-	1,520
Total	\$ 24,777	\$ 42,585

**NOTE 3---OTHER CURRENT ASSETS**

Other current assets consist of the following:

	2018	2017
Prepaid expense	\$ 6,293	\$ 8,169
Security deposit	7,461	7,461
Total	\$ 13,754	\$ 15,630

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND JUNE 30, 2017**

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**NOTE 4---PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2018	2017
Computer equipment	\$ 89,409	\$ 89,409
Furniture and fixtures	23,340	23,340
Art Collection	2,000	2,000
Machinery and equipment	6,758	6,758
Less: accumulated depreciation	(83,390)	(66,646)
Total	\$ 38,117	\$ 54,861

Depreciation expense for the years ended June 30, 2018 and 2017 was \$16,744 and \$13,856 respectively.

**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%. The balance outstanding on this line of credit as of June 30, 2018 and June 30, 2017 was \$29,902 and \$38,919 respectively. The balance is due on demand. The assets of the Organization secure the line of credit.

**NOTE 6---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, 2019. The monthly lease payment as of June 30, 2018 was \$8,151; which began on January 1, 2016. Rent expense for the years ended June 30, 2018 and June 30, 2017, was \$92,575 and \$87,223, respectively.

The future minimum lease payments are as follows:

2019	99,270
2020	25,182
Thereafter	-
Total	\$ 124,452

**NOTE 7---SUBSEQUENT EVENTS**

There were no subsequent events requiring disclosure as of July 1, 2019, the date management evaluated such events. July 1, 2019, is the date the financial statements were available to be issued.