

**URBAN LEAGUE OF MIDDLE TENNESSEE
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2008 AND JUNE 30, 2007**

URBAN LEAGUE OF MIDDLE TENNESSEE

Table of Contents

INDEPENDENT AUDITORS' REPORT-----	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION-----	2
STATEMENT OF ACTIVITIES-----	3
STATEMENT OF CASH FLOWS-----	4
STATEMENT OF FUNCTIONAL EXPENSES-----	5-6
NOTES TO FINANCIAL STATEMENTS-----	7-8

HOSKINS & COMPANY
— CERTIFIED PUBLIC ACCOUNTANTS —

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

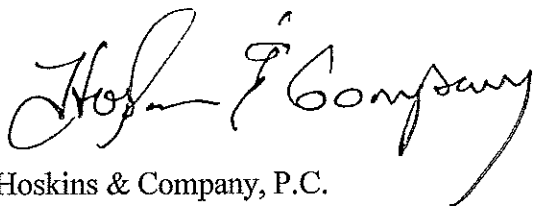
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Urban League of Middle Tennessee

We have audited the accompanying statement of financial position of *Urban League of Middle Tennessee* as of June 30, 2008 and June 30, 2007, 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, 2008 and June 30, 2007, 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.

A handwritten signature in cursive script that reads "Hoskins & Company". The signature is written in dark ink and is positioned above the printed name of the firm.

Hoskins & Company, P.C.
December 8, 2008

URBAN LEAGUE OF MIDDLE TENNESSEE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008 AND JUNE 30, 2007

Assets

	<u>2008</u>	<u>2007</u>
Current Assets		
Cash	\$ 19,021	\$ 26,440
Accounts Receivable	60,470	17,850
Prepaid Expenses	5,702	10,441
Total Current Assets	<u>85,193</u>	<u>54,731</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	(80,126)	(65,744)
Total Noncurrent Assets	<u>43,218</u>	<u>57,600</u>
Total Assets	<u><u>\$ 128,411</u></u>	<u><u>\$ 112,331</u></u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$ 31,827	\$ 30,407
Line of Credit	87,403	85,761
Accrued Payroll and Payroll Taxes	4,060	778
Total Current Liabilities	<u>123,290</u>	<u>116,946</u>
Net Assets		
Unrestricted	5,121	(4,615)
Total Net Assets	<u>5,121</u>	<u>(4,615)</u>
Total Liabilities and Net Assets	<u><u>\$ 128,411</u></u>	<u><u>\$ 112,331</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, 2008 AND JUNE 30, 2007

Revenue and Support	2008	2007
Contributions	\$ 57,893	\$ 44,037
Families First Program	23,400	70,292
Workforce Development	26,200	6,700
Katrina Project	-	50,000
United Way Allocations	1,906	4,461
Special Events	295,790	274,688
Other Income	-	121
Interest Income	11	74
Total Unrestricted Revenues and Support	<u>405,200</u>	<u>450,373</u>
Expenses		
General & Administration		
Administration	84,169	121,636
Fundraising	65,964	102,695
Programs		
Education	31,615	-
Employment	213,715	213,041
Loss on Office Relocation	-	5,572
Total Expenses	<u>395,464</u>	<u>442,944</u>
Increase in Net Assets	9,736	7,429
Net Assets at Beginning of Year	<u>(4,615)</u>	<u>(12,044)</u>
Net Assets at End of Year	<u><u>\$ 5,121</u></u>	<u><u>\$ (4,615)</u></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, 2008 AND JUNE 30, 2007

	<u>2008</u>	<u>2007</u>
Cash Flows from Operating Activities		
Increase in net assets	\$ 9,736	\$ 7,429
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	14,382	5,357
Loss on office relocation	-	5,572
(Increase) Decrease in accounts receivable	(42,620)	17,650
Decrease in grant receivable	-	6,794
Decrease (Increase) in prepaid expenses	4,739	(10,441)
Increase (Decrease) in accounts payable	1,420	(11,742)
Increase (Decrease) in accrued payroll and payroll taxes	3,282	(654)
Net cash (used) provided by operating activities	<u>(9,061)</u>	<u>19,965</u>
Cash Flows From Investing Activities		
Donated/Purchase of fixed assets	-	(49,089)
Art Purchase	-	-
Net cash used in financing activities	<u>-</u>	<u>(49,089)</u>
Cash Flows From Financing Activities		
Proceeds from line of credit	41,340	20,800
Principal payments	(39,698)	(23,844)
Net cash provided (used) in financing activities	<u>1,642</u>	<u>(3,044)</u>
Net Decrease in Cash Equivalents	(7,419)	(32,168)
Cash and Cash Equivalents, Beginning of Year	26,440	58,608
Cash and Cash Equivalents, End of Year	<u><u>\$ 19,021</u></u>	<u><u>\$ 26,440</u></u>
 Interest Paid	 <u><u>\$ 11,679</u></u>	 <u><u>\$ 11,310</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, 2008

	Administration	Development and Fundraising	Education (Urban Issues)	Employment (Workforce Dev)	TOTAL
Payroll	\$ 22,823	\$ 16,900	\$ 20,462	\$ 102,019	\$ 162,204
Payroll Taxes and Fringe Benefits	4,296	3,660	4,448	21,419	33,823
Workman's Comp	183	-	-	4,985	5,168
Contract Labor	6,308	10,835	-	7,552	24,695
Conferences/Mtgs.	982	516	-	-	1,498
Supplies	179	162	20	1,083	1,444
Travel - Other	6,001	960	1,775	2,555	11,291
Computer Technology	182	215	-	537	934
Training Materials	778	-	-	-	778
Program Events	-	-	1,367	800	2,167
Other Program Expenses	-	-	400	-	400
Advertising	-	2,719	-	-	2,719
Dues and Subscript.	5,708	350	-	4,437	10,495
Licenses & Fees	310	-	-	45	355
Printing & Reprod.	737	8,463	-	477	9,677
Postage & Delivery	381	369	267	-	1,017
Rent	12,776	-	-	30,081	42,857
Insurance	1,909	811	-	5,239	7,959
Equipment Rental	816	287	-	3,784	4,887
Repairs & Maint.	584	-	-	2,574	3,158
Telephone	870	-	-	6,017	6,887
Utilities	2,058	-	-	9,644	11,702
Interest & Finance Charges	11,679	-	-	-	11,679
Bank Charges	1,410	13	-	-	1,423
Other Fundraising Costs	-	19,676	-	-	19,676
Miscellaneous Expense	1,761	28	-	400	2,189
Depreciation	1,438	-	2,876	10,067	14,382
TOTAL	\$ 84,169	\$ 65,964	\$ 31,615	\$ 213,715	\$ 395,464

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>Administration</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
Travel - Other	2,482	2,690	6,207	3,889	15,268
Computer Technology	230	270	-	-	500
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
TOTAL	\$ 121,636	\$ 102,695	\$ 121,066	\$ 91,975	\$ 437,372

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, 2008 AND JUNE 30, 2007

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, 2008 AND JUNE 30, 2007**

Note 2---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 3---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, 2008 and June 30, 2007 was \$87,403 and \$85,761, 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 of the credit line as of June 30, 2008 was \$0, with \$50,000 available credit.

The Organization has a \$25,000 credit card from a financial institution with an interest rate of 13.99%. The balance owed on the card as of June 30, 2008 was \$11,817, with \$13,183 available credit.

The Organization has a \$8,000 credit card from a financial institution with an interest rate of 18.99%. The balance owed on the card as of June 30, 2008 was \$4,840, with \$3,160 available credit.

Note 4---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 5--Operating Leases

The Organization has the following operating leases:

1. An operating lease for office equipment with a monthly leasing payment of \$271, included in the financial statements as equipment rental. Total payments for the year ended June 30, 2008 and 2007, including applicable late fees, were \$3,383 and \$3,715, 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 monthly rental lease payment is \$3,485.

The future minimum lease payment is as follows:

- 2009	42,660
- 2010	43,500