

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

**JUNE 30, 2009 AND JUNE 30, 2008**

**URBAN LEAGUE OF MIDDLE TENNESSEE  
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**Table of Contents**

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

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**INDEPENDENT AUDITORS' REPORT**

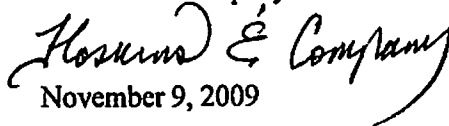
To the Board of Directors  
Urban League of Middle Tennessee

We have audited the accompanying statement of financial position of *Urban League of Middle Tennessee* as of June 30, 2009 and June 30, 2008, 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, 2009 and June 30, 2008, 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.

Hoskins & Company

  
November 9, 2009

**URBAN LEAGUE OF MIDDLE TENNESSEE**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009 AND JUNE 30, 2008**

	<u>2009</u>	<u>2008</u>
<b>Assets</b>		
Current assets		
Cash	\$ 7,063	\$ 19,021
Accounts receivable	32,057	60,470
Other assets	3,625	5,702
Total current assets	<u>42,745</u>	<u>85,193</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	(98,238)	(82,996)
Total noncurrent assets	<u>25,106</u>	<u>40,348</u>
<b>Total assets</b>	<u><u>\$ 67,851</u></u>	<u><u>\$ 125,541</u></u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 17,027	\$ 37,885
Line of credit	79,178	87,403
Accrued payroll and payroll taxes	2,526	4,060
Total current liabilities	<u>98,731</u>	<u>129,348</u>
Net assets		
Unrestricted	<u>(30,880)</u>	<u>(3,807)</u>
Total net assets	<u>(30,880)</u>	<u>(3,807)</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 67,851</u></u>	<u><u>\$ 125,541</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, 2009 AND JUNE 30, 2008**

	<u>2009</u>	<u>2008</u>
<b>Revenue and support</b>		
Contributions	\$ 13,177	\$ 57,893
Families first program	-	23,400
Workforce development	61,850	26,200
Youth development	128,442	-
United way allocations	2,358	1,906
Special events	190,750	295,790
Other income	1,865	-
Interest income	-	11
Total unrestricted revenues and support	<u>398,442</u>	<u>405,200</u>
<b>Expenses</b>		
General & administration		
Administration	112,317	84,456
Fundraising	54,903	72,022
Programs		
Education	70,821	32,190
Employment	178,839	215,724
Other	8,635	-
Total expenses	<u>425,515</u>	<u>404,392</u>
(Decrease) increase in net assets	(27,073)	808
Net assets at beginning of year	(3,807)	(4,615)
Net assets at end of year	<u>\$ (30,880)</u>	<u>\$ (3,807)</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, 2009 AND JUNE 30, 2008**

	<u>2009</u>	<u>2008</u>
<b>Cash flows from operating activities</b>		
(Decrease) increase in net assets	\$ (27,073)	\$ 808
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	15,242	17,252
Decrease (increase) in accounts receivable	28,413	(42,620)
Decrease in other assets	2,077	4,739
(Decrease) increase in accounts payable	(20,858)	7,478
(Decrease) increase in accrued payroll and payroll taxes	(1,534)	3,282
Net cash used by operating activities	<u>(3,733)</u>	<u>(9,061)</u>
<b>Cash flows from investing activities</b>	-	-
<b>Cash flows from financing activities</b>		
Proceeds from line of credit	22,566	41,340
Principal payments on line of credit	(30,791)	(39,698)
Net cash (used) provided in financing activities	<u>(8,225)</u>	<u>1,642</u>
 Net decrease in cash equivalents	 (11,958)	 (7,419)
Cash and cash equivalents, beginning of year	19,021	26,440
Cash and cash equivalents, end of year	<u>\$ 7,063</u>	<u>\$ 19,021</u>
 Interest paid	 <u>\$ 6,453</u>	 <u>\$ 11,679</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, 2009**

	<u>Administration</u>	<u>Development and fundraising</u>	<u>Education (urban issues)</u>	<u>Employment (workforce dev)</u>	<u>Programs (other)</u>	<u>Total</u>
Payroll	\$ 50,207	\$ 16,742	\$ 31,845	\$ 73,593	\$ 5,593	\$ 177,980
Payroll taxes and fringe benefits	8,109	1,509	5,937	13,460	628	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	-	-	20	1,362	3,801
Supplies	1,131	270	741	829	-	2,971
Travel - other	2,783	1,145	1,376	3	938	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	-	-	4,524	-	29	4,553
Advertising	(369)	885	-	-	-	516
Dues and subscript.	12,893	-	-	-	35	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
<b>TOTAL</b>	<u>\$ 112,317</u>	<u>\$ 54,903</u>	<u>\$ 70,821</u>	<u>\$ 178,839</u>	<u>\$ 8,635</u>	<u>\$ 425,515</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**

	<u>Administration</u>	<u>Development and fundraising</u>	<u>Education (urban issues)</u>	<u>Employment (workforce dev)</u>	<u>Total</u>
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	-	25,734	-	-	25,734
Miscellaneous expense	1,761	28	-	400	2,189
Depreciation	1,725	-	3,451	12,076	17,252
<b>TOTAL</b>	<b>\$ 84,456</b>	<b>\$ 72,022</b>	<b>\$ 32,190</b>	<b>\$ 215,724</b>	<b>\$ 404,392</b>

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, 2009 AND JUNE 30, 2008**

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**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. Youth Development
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 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.

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, 2009 AND JUNE 30, 2008**

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**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 a variable interest rate of 6% as of June 30, 2009 and 10.25% as of June 30, 2008. The balance is due on demand. The balance of the line of credit as of June 30, 2009 and June 30, 2008 was \$79,178 and \$87,403, 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, 2009 was \$0, with \$50,000 available credit.

The Organization has a \$10,325 credit card from a financial institution with an interest rate of 13.99%. The balance owed on the card as of June 30, 2009 was \$9,845, with \$480 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, 2009 and 2008, including applicable late fees, were \$3,607 and \$3,383, 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 lease payment is \$3,555.

The future minimum lease payment is as follows:

2010	43,500
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