

**URBAN LEAGUE OF LOUISIANA, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the **Urban League of Louisiana, Inc. and Subsidiary (the League)** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 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 consolidated 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 consolidated financial statements referred to on the previous page present fairly, in all material respects, the financial position of **the League** as of June 30, 2020 and 2019, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of **the League** as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purpose of additional analysis and is not a required part of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana
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Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Also, the accompanying Schedules II and III are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2021 on our consideration of **the League's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the League's** internal control over financial reporting and compliance.


BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 19, 2021



URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Assets:		
Cash and cash equivalents (NOTE 1)	\$ 1,322,790	\$ 455,268
Short-term investments	1,597	3,444
Due from funding agencies (NOTE 10)	525,727	602,290
Prepaid expenses and other assets	24,207	21,819
Promises to give (NOTES 15 and 16)	103,698	242,619
Land, building and equipment, net (NOTES 1 and 3)	7,020,068	7,466,240
Endowment fund (NOTES 10 and 20)	<u>40,273</u>	<u>39,727</u>
 Total assets	 <u>\$ 9,038,360</u>	 <u>\$ 8,831,407</u>

<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Current portion of long-term debt (NOTE 4)	\$ 163,612	\$ 90,514
Accounts payable	292,591	190,326
Accrued liabilities	66,033	74,345
Revolving lines of credit (NOTE 5)	375,398	113,970
Long-term debt, net (NOTE 4)	<u>1,670,258</u>	<u>1,471,574</u>
 Total liabilities	 <u>2,567,892</u>	 <u>1,940,729</u>
 Net assets (NOTE 1):		
Without donor restrictions	4,886,804	5,985,494
With donor restrictions (NOTE 10)	<u>1,583,664</u>	<u>905,184</u>
 Total net assets	 <u>6,470,468</u>	 <u>6,890,678</u>
 Total liabilities and net assets	 <u>\$ 9,038,360</u>	 <u>\$ 8,831,407</u>

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES

	For the Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND PUBLIC SUPPORT</u>			
Revenues and public support:			
Federal grants (NOTE 13)	\$ 788,513	\$ 168,527	\$ 957,040
State and local grants	1,345,357	701,597	2,046,954
United Way funding (NOTE 10)	1,936	164,869	166,805
Board-generated self support	57,725	143,000	200,725
Client-generated self support	1,463,134	365,230	1,828,364
Interest income	1,597	-	1,597
Other revenue	410,786	-	410,786
In kind contributions (NOTE 12)	85,822	-	85,822
Net assets released from restrictions:	-	--	-
Satisfaction of purpose and time restrictions (NOTE 9)	865,457	(865,457)	-
Total revenues and public support	5,020,327	677,766	5,698,093
<u>EXPENSES</u>			
Program services: (SCHEDULE IV)			
Economic development	1,992,211	-	1,992,211
Education and social justice	2,302,060	-	2,302,060
Total program services	4,294,271	-	4,294,271
Support services:			
Management and general	1,764,970	-	1,764,970
Resource development	59,776	-	59,776
Total support services	1,824,746	-	1,824,746
Total expenses	6,119,017	-	6,119,017
Realized gain on investments	-	714	714
Changes in net assets	(1,098,690)	678,480	(420,210)
Net assets, beginning of year	5,985,494	905,184	6,890,678
Net assets, end of year	\$ 4,886,804	\$ 1,583,664	\$ 6,470,468

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES, CONTINUED

	For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES AND PUBLIC SUPPORT</u>			
Revenues and public support:			
Federal grants (NOTE 13)	\$ 900,637	\$ -	\$ 900,637
State and local grants	1,668,591	-	1,668,591
United Way funding (NOTE 16)	2,957	59,412	62,369
Board-generated self support	526,981	-	526,981
Client-generated self support	1,435,492	806,045	2,241,537
Interest income	3,545	-	3,545
Other revenue	331,819	-	331,819
In-kind contributions (NOTE 12)	395,674	-	395,674
Net assets released from restrictions:			
Satisfaction of purpose and time restrictions (NOTE 9)	112,251	(112,251)	-
Total revenues and public support	5,377,947	753,206	6,131,153
<u>EXPENSES</u>			
Program services:			
Economic development	1,965,995	-	1,965,995
Education and social justice	2,055,992	-	2,055,992
Total program services	4,021,987	-	4,021,987
Support services:			
Management and general	1,875,287	-	1,875,287
Resource development	341,170	-	341,170
Total support services	2,216,457	-	2,216,457
Total expenses	6,238,444	-	6,238,444
Realized gain on investments	-	1,250	1,250
Changes in net assets	(860,497)	754,456	(106,041)
Net assets, beginning of year	6,845,991	150,728	6,996,719
Net assets, end of year	\$ 5,985,494	\$ 905,184	\$ 6,890,678

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Agency Total	Total Support Services	Total Program Services	Agency Total	Total Support Services	Total Program Services
<u>EXPENSES</u>						
Compensation expenses	\$ 3,499,077	\$ 848,580	\$ 2,650,497	\$ 3,663,681	\$ 890,616	\$ 2,773,065
Occupancy expenses	436,789	237,983	198,806	420,078	228,284	191,794
Professional fees and contracts	618,094	92,587	525,507	340,377	108,502	231,875
Food	74,699	23,225	51,474	92,629	3,931	88,698
Travel and transportation	64,614	24,500	40,114	99,975	31,431	68,544
Gala expenses	-	-	-	117,752	117,752	-
Special event expenses	60,646	29,450	31,196	19,661	6,096	13,565
Supplies	123,609	28,543	95,066	143,353	9,839	133,514
Equipment rental	42,571	15,546	27,025	48,839	13,645	35,194
Printing and copying	52,062	4,837	47,225	55,750	5,660	50,090
In-kind costs	85,822	-	85,822	395,674	169,200	226,474
Other direct program expenses	609,457	67,918	541,539	379,089	169,915	209,174
Bad debt	52,486	52,486	-	17,050	17,050	-
Interest	104,852	104,852	-	118,986	118,986	-
Depreciation	294,239	294,239	-	325,550	325,550	-
Total Expenses	\$ <u>6,119,017</u>	\$ <u>1,824,746</u>	\$ <u>4,294,271</u>	\$ <u>6,238,444</u>	\$ <u>2,216,457</u>	\$ <u>4,021,987</u>

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Changes in net assets	\$ (420,210)	\$ (106,041)
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	294,239	325,550
Bad debt expenses	52,486	17,050
Realized gain on investments	(714)	(1,250)
Changes in assets and liabilities:		
Prepaid expenses	(2,296)	111,125
Promises to give	86,435	(147,069)
Due from funding agencies	76,563	(110,278)
Accounts payable	102,265	40,004
Accrued liabilities	(8,312)	3,241
Net cash provided by operating activities	180,456	132,332
Cash Flows from Investing Activities:		
Acquisition of building improvements and equipment	-	(25,156)
Proceeds from sale of building	80,192	-
Net cash provided by (used in) investing activities	80,192	(25,156)
Cash Flows from Financing Activities:		
Proceeds from long-term debt/line of credit	816,398	41,500
Principal payments on long-term debt and line of credit	(209,524)	(155,045)
Net cash provided by (used in) financing activities	606,874	(113,545)
Net increase (decrease) in cash and cash equivalents	867,522	(6,369)
Cash and cash equivalents - beginning of year	455,268	461,637
Cash and cash equivalents - end of year	\$ 1,322,790	\$ 455,268
Supplemental Disclosures:		
Interest paid	\$ 104,852	\$ 118,986

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

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - **NATURE OF ACTIVITIES AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES:**

Nature of Activities

The **Urban League of Louisiana, Inc. (the League)** provides training in the areas of job skills and parenting skills, as well as provides basic education to eligible participants that reside in the New Orleans area.

Basis of Accounting

The consolidated financial statements of **the League** have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The League follows the accounting procedures and practices for not-for-profit organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on “Not-for-Profit Organizations”, which constitutes accounting principles generally accepted in the United States of America.

Effective January 1, 2018, **The League** has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, **The League** classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **The League** are included in this category
- Net assets with donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of **The League** are included in this category.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Restricted and Unrestricted Revenue and Support

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Donated Materials and Services

Donated materials and supplies, which are utilized in several of **the League's** programs, are recorded at their estimated fair value when received.

Donated services provided by volunteers, which require specialized skills and are provided by individuals possessing those skills, are recognized at their fair value when received. Those services donated by volunteers which do not meet all of the applicable requirements of FASB ASC 958-605 are not recognized in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the consolidated financial statements. Accordingly, actual results could differ from those estimates.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - **NATURE OF ACTIVITIES AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:**

Allocation of Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, program and support service expenses are specifically identified with or allocated to **the League's** various functions. Expenses requiring allocation include service provided by **the League's** management and administrative staff to specific program-related activities. Expense allocations are prorated based on a percentage of time or actual usage.

Federal Income Taxes

The League is exempt from Federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Service (IRS) Code and is not a private foundation.

The League files as a tax exempt organization. Should that status be challenged in the future, **the League's** 2018, 2019 and 2020 tax years are open for examination by the IRS.

Allowance for Bad Debt

The League uses the allowance method to provide for uncollectible accounts. At June 30, 2020 and 2019, there were no allowances, respectively. Uncollectible amounts have been historically insignificant.

Land, Building and Equipment

Land, building and equipment purchased or acquired are recorded at cost. **The League's** policy is to capitalize all purchases of buildings and equipment in excess of \$5,000. Depreciation is computed using the straight-line basis over the useful lives of assets as follows:

Building and improvements	27.5 years
Equipment and vehicles	5-7 years

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, **the League** considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Reclassifications

Certain reclassification have been made to the prior year's consolidated financial statements to conform to the current year's presentations.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of **the League** and its affiliated supporting organizations. All significant interorganization transactions and balances have been eliminated in consolidation.

NOTE 2 - ECONOMIC DEPENDENCY:

A significant source of revenue for **the League** is Federal, state and local grants provided through various funding agencies. The continued success of **the League** is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding from various funding sources. At the time of completion of the audit of **the League's** consolidated financial statements, management was not aware of any actions taken that would adversely affect the amount of funds **the League** will receive in the next fiscal year.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - LAND, BUILDING AND EQUIPMENT:

As of June 30, 2020 and 2019, **the League** held the following fixed assets:

	2020	2019
Non-depreciable assets:		
Land (contributed)	\$ 1,105,500	\$ 1,105,500
Total non-depreciable assets	1,105,500	1,105,500
Depreciable assets:		
Building and building improvements/funds	7,758,931	7,906,613
Vehicles	50,965	50,965
Furniture and equipment	311,689	311,689
Total depreciable assets	8,121,585	8,269,267
Less: accumulated depreciation	2,206,617	1,908,527
Total depreciable assets, net	5,914,968	6,360,740
Total land, building and equipment, net	\$ 7,020,068	\$ 7,466,240

Depreciation expense for the year ended June 30, 2020 and 2019 amounted to \$294,239 and \$325,550, respectively.

At June 30, 2020 and 2019, building and building improvements included funds received under grants from U.S. Department of Health and Human Services and U.S. Department of Housing and Urban Development with book values of \$2,221,872 and \$2,330,145, respectively. Under the terms of the grant agreements, the assets, or any proceeds from their sales, revert to the funding source if they cease to be used for the assigned programs.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - LONG-TERM DEBT:

A summary of long-term debt as of June 30, 2020 and 2019 is as follows:

	2020	2019
Adjustable interest rate of 7.50 percent (minimum) two (2) year, \$85,500 loan payable to a bank with quarterly principal and interest payments of \$7,500, maturing on June 4, 2021.	\$ 57,795	\$ 85,500
Fixed interest rate of one (1) percent, two (2) year, Paycheck Protection Program (PPP) loan payable to a bank with one (1) balloon payment, maturing on April 28, 2022.	377,655	-
Adjustable daily floor interest rate of 4.50 percent and a ceiling interest rate of 6.50 percent on a ten (10) year, two (2) million note payable to a bank with monthly principal and interest payments of \$13,500, based upon a twenty-five (25) year amortization with a balloon payment due at maturity.	<u>1,398,420</u>	<u>1,476,588</u>
Total long-term debt	1,833,870	1,562,088
Less: Current maturities	<u>(163,612)</u>	<u>(90,514)</u>
Total long-term debt, net	<u>\$ 1,670,258</u>	<u>\$ 1,471,574</u>

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - LONG-TERM DEBT, CONTINUED:

Scheduled principal repayments on the long-term debts are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 163,612
2022	483,384
2023	110,575
2024	115,655
2025 and thereafter	960,644
	<u>\$ 1,833,870</u>

NOTE 5 - REVOLVING LINES OF CREDIT:

At June 30, 2020, **the League** has two (2) 6.75 and 7.25 percent revolving lines of credit payable to two (2) banks due on demand with an aggregate unpaid balance of \$375,398 and \$113,970, respectively. The lines of credit are secured by real estate with zero balances of available capacities.

NOTE 6 - PENSION PLAN:

The League sponsors a defined contribution pension plan. Under the plan, **the League** matches up to five (5) percent of the employee's contributions to the plan. Matching contribution expenses during the years ended June 30, 2020 and 2019 were \$60,200 and \$60,383, respectively.

NOTE 7 - OPERATING LEASE AGREEMENTS:

The League leases various items of equipment at its main office and space at four (4) locations for its programs and administrative offices and various other program services. The lease of space is renewed annually. Lease expenses consisted of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Program service – Space	\$ <u>56,603</u>	\$ <u>53,550</u>

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - COMMITMENTS:

The League leased equipment under operating leases expiring in various years through 2024. Future scheduled minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 15,386
2022	9,921
2023	7,164
2024	<u>2,142</u>
Total minimum future rental payments	<u>\$ 34,612</u>

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions during the years ended June 30, 2020 and 2019 by incurring expenses satisfying the purpose and time restrictions as follows:

	<u>Amounts</u>	
	<u>2020</u>	<u>2019</u>
Educational activities - general - United Way	\$ 59,412	\$ 82,600
Georges Enterprise	-	5,000
City of New Orleans (Cure Violence Program)	249,260	-
Other- Programmatic Funders	<u>556,785</u>	<u>24,651</u>
Total	<u>\$ 865,457</u>	<u>\$ 112,251</u>

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

As of June 30, 2020 and 2019, net assets with donor restrictions consist of the following:

	<u>2020</u>	<u>2019</u>
Capital One Bank's Getting Down to Business	\$ -	\$ 29,793
City of New Orleans (Cure Violence Program)	679,986	247,727
Amnesty International USA	-	1,533
New Orleans Business Alliance- STRIVE	-	160,311
W.K. Kellogg	296,388	94,939
Aspen Institute	-	33,940
Baptist Community Ministries	15,000	18,381
Huey and Angelina Wilson Foundation	<u>-</u>	<u>56,770</u>

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS, CONTINUED:

Walton Family Foundation, Inc.	\$	-	\$ 150,265
New Venture Fund		-	12,386
United Way of SELA		164,869	59,412
Richard West Freeman Foundation (Endowment Fund)		40,273	39,727
SBA		168,527	-
JP Morgan Chase		75,621	-
2020 Gala Sponsors		<u>143,000</u>	<u>-</u>
Total		<u>\$ 1,583,664</u>	<u>\$ 905,184</u>

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects **the League's** financial assets as of the consolidated statements of financial position dates, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position dates. Donor-restricted amounts that are available for use within one year for general purposes include cash and accounts receivable.

	<u>2020</u>	<u>2019</u>
Financial assets at year end	\$ 1,953,812	\$ 1,303,621
Less those unavailable for general expenses within one year due to donor-restriction for service projects	<u>(1,583,664)</u>	<u>(905,184)</u>
Financial assets available to meet cash needs for general purpose within one year	<u>\$ 370,148</u>	<u>\$ 398,437</u>

As part of the **League's** liquidity management, it has a policy to structure its consolidated financial assets to be available as its general expenses, liabilities, and other obligations come due. In the event of financial distress or an unanticipated liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities, **the League** also could also make a request of the Board to change the designation for either a portion or all of its restricted fund to meet the immediate liquidity need.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - IN-KIND CONTRIBUTIONS AND COSTS RECOGNIZED:

As a condition of certain grants received by **the League**, **the League** must provide a portion of the costs of the programs. To satisfy these conditions, the funding agencies will accept in-kind contributions from volunteers and certain other contributions. The accompanying consolidated financial statements include in-kind contributions in revenues and expenses. The breakdown of in-kind contributions recognized is as follows:

	2020	2019
Professional services	\$ 85,822	\$ 395,674

NOTE 13 - GRANTS FROM GOVERNMENTAL AGENCIES:

The League has contracted with several governmental agencies to provide community and family services, and employment and economic development programs. Under the contracts, the governmental agencies reimburse **the League** based upon **the League's** allowable costs to provide the services to program beneficiaries.

Revenues derived from the governmental agencies are subject to audit and adjustment by government auditors before any settlement amounts become final. Any adjustments made by governmental auditors are reported in the year of the audit. Management does not expect any material adjustments to allowable program costs and the related estimated settlement.

Federal grant activities at June 30, 2020 and 2019 are summarized as follows:

	2020	2019
Grant Receipts:		
Direct Awards	\$ 329,626	\$ 140,345
Pass-throughs	627,414	760,292
Total receipts	\$ 957,040	\$ 900,637
Grant Expenditures:		
Non-capital	957,040	933,637
Total expenditures	\$ 957,040	\$ 900,637

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - RISK MANAGEMENT:

The League is exposed to various risks of loss related to torts and theft of, damage to and destruction of assets, for which **the League** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 15 - PROMISES TO GIVE:

As of June 30, 2020 and 2019, promises to give represent support from private companies and individuals related to general operating expenses and other restricted purposes totaling \$ 103,698 and \$242,619, respectively. The amounts are deemed collectible and available from the following sources in less than one (1) year:

	2020	2019
Private companies and individuals	\$ 51,762	\$ 183,207
United Way Services funding for the next fiscal year	51,936	59,412
Total	\$ 103,698	\$ 242,619

NOTE 16 - DUE FROM FUNDING AGENCIES:

As of June 30, 2020 and 2019, due from funding agencies consisted of the following:

	2020	2019
National Urban League	\$ 66,182	\$ 9,456
Private Companies	188,862	306,187
State of Louisiana	67,232	22,400
Local Governmental Entities	4,687	31,994
U.S. Small Business Administration	656	96,019
U.S. Department of Education	198,108	133,155
U.S. Department of Agriculture	-	3,079
Total due from funding agencies	\$ 525,727	\$ 602,290

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 16 - DUE FROM FUNDING AGENCIES, CONTINUED

Receivables from various funding agencies are stated at the amount management expects to collect from outstanding balances for grants awarded and/or services performed under various contracts during the 2020 and 2019 fiscal years. All amounts are considered collectible. **The League** does not assess finance charges on receivables due. There were no bad debts for the 2020 and 2019 fiscal years.

NOTE 17 - CONCENTRATION OF CREDIT RISK:

The League maintains cash balances at three (3) financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 on interest bearing accounts and non-interest bearing accounts. **The League** has cash balances on deposit with one (1) of the institutions at June 30, 2020 that exceeded the balances insured by the FDIC in the amounts of \$612,124.

The League also maintains an account with a stock brokerage firm. The account contains primarily money market funds. Balances are insured up to \$500,000 with a limit of \$100,000 for cash by the Securities Investor Protection Corporation.

NOTE 18 - SUBSEQUENT EVENTS:

The League is required to evaluate events or transactions that may occur after the consolidated statements of financial position date for potential recognition or disclosure in the consolidated financial statements. **The League** performed such an evaluation through May 19, 2021, the date which the consolidated financial statements were available to be issued. As a result of the spread of the Coronavirus (COVID-19) pandemic, economic uncertainties have arisen which are likely to negatively impact the funding of **the League**. Other financial impact could occur though such potential impact is unknown at this time.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 19 - BOARD COMPENSATION:

The Board of Directors of **the League** is a voluntary board; therefore, no compensation was paid to any board member during the years ended June 30, 2020 and 2019.

NOTE 20 - FAIR VALUE MEASUREMENTS:

In accordance with FASB ASC 820, fair value is defined as the price that **the League** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability. FASB ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the League's** assets or liabilities. The inputs are summarized in the three broad levels listed below.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity. The inputs into the determination of fair value require significant management judgment or estimation.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 20 - FAIR VALUE MEASUREMENTS, CONTINUED:

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **The League's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following table summarizes the valuation of **the League's** investments measured at fair value by the FASB ASC 820 fair value hierarchy levels as of June 30 2020 and 2019.

		Fair Value Measuring Using: Quoted Prices in Active Markets for Identical (Level 2)
<u>2020</u>	<u>Fair Value</u>	
Endowment fund	<u>\$40,273</u>	<u>\$40,273</u>
		Fair Value Measuring Using: Quoted Prices in Active Markets for Identical (Level 2)
<u>2019</u>	<u>Fair Value</u>	
Endowment fund	<u>\$39,727</u>	<u>\$39,727</u>

NOTE 21 - FINANCIAL INSTRUMENTS:

GAAP requires disclosure of an estimate of fair value of certain financial instruments. **The League's** significant financial instruments are cash and cash equivalents, short-term investment, endowment fund, revolving lines of credit and long term debt. For these financial instruments, carrying values approximate fair value.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 21 - FINANCIAL INSTRUMENTS, CONTINUED:

The estimated fair values of **the League's** financial instruments as of June 30, 2020 and 2019 are as follows:

<u>June 30,2020</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 1,322,790	\$ 1,322,790
Short-term investment	1,597	1,597
Endowment fund	40,273	40,273
Revolving lines of credit	375,398	375,398
Long-term debt	1,833,870	1,833,870

<u>June 30,2019</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 455,268	\$ 455,268
Short-term investment	3,444	3,444
Endowment fund	39,727	39,727
Revolving lines of credit	113,970	113,970
Long-term debt	1,562,088	1,562,088

NOTE 22 - PAYCHECK PROTECTION PROGRAM:

The League obtained a U.S. Small Business Administration guaranteed loan under the Paycheck Protection Program (PPP) from a financial institution in the amount of \$377,655. The note covers the period from April 20, 2020 through April 28, 2022 with one (1) percent interest. The PPP is necessary to support the ongoing operations of **the League** during the COVID-19 pandemic. **The League's** payments on the note are deferred for a period of twenty-four (24) months from the date of the note; however, interest continues to accrue from the date of the note until the note is paid in full at the maturity date. The repayment begins after the deferment period. The note is subject to an expected forgivable portion. The amount of loan forgiveness shall not exceed the principal amount of the loan and is subject to SBA Rules and Regulations consistent with the PPP Rules. Subsequent to June 30, 2020, **the League** has begun the application process for the forgiveness of the PPP Loan. On January 12, 2021 **the League** received notice that the loan was fully forgiven by SBA.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 23 - RECENT ACCOUNTING PRONOUNCEMENTS:

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 205): An Amendment of the FASB Accounting Standards Codification, which clarifies the principles for recognizing revenue from contracts with customers. The new accounting guidance, which does not apply to financial instruments, is effective on a retrospective basis for annual reporting periods beginning after December 15, 2017, with early adoption permitted only as of annual reporting periods beginning after December 15, 2017. **The League** does not expect the new guidance to have a material impact on **the League's** consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Income Statement – Extraordinary and Unusual Items*, which eliminates the concept of extraordinary items. Entities will no longer be required or permitted to present any items of gain or loss as extraordinary. The ASU also eliminates the need for intra-period tax allocation as these items are no longer presented separately below income from operations. This standard is effective for fiscal years, beginning after December 15, 2016. An early adoption is permitted and is not expected to have a significant impact on **the League's** consolidated financial statements.

In January 2017, the FASB issued ASU 2017-01, Recognition and Measurement of Financial Assets and Financial Liabilities. The ASU amendments include changes related to how certain equity investments are measured, how changes are recognized in the fair value of certain financial liabilities measured under the fair value option, and how financial assets and liabilities are disclosed on **the League's** consolidated financial statements.

Additionally, the ASU will also require entities to present financial assets and financial liabilities separately, grouped by measurement category and form of financial asset in the statement of financial condition or in the accompanying notes to the financial statements. Entities will also no longer have to disclose the methods and significant assumptions for financial instruments measured at amortized cost, but will be required to measure such instruments under the “exit price” notion for disclosure purposes. The ASU is effective for annual periods beginning after December 15, 2018, with early adoption permitted only as of annual reporting periods beginning after December 15, 2017. **The League** does not expect the new guidance to have a material impact on **the League's** consolidated financial statements.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

NOTE 23 - RECENT ACCOUNTING PRONOUNCEMENTS, CONTINUED:

In February 2017, the FASB issued ASU 2017-02, Conforming Amendments Related to Leases. This ASU amends the codification regarding leases in order to increase transparency and comparability. The ASU requires companies to recognize lease assets and liabilities on the statement of condition and disclose key information about leasing arrangements. A lessee would recognize a liability to make lease payments and a right-of-use asset representing its right to use the leased asset for the lease term. The ASU is effective for annual periods beginning after December 15, 2019. **The League** does not expect the new guidance to have a material impact on **the League's** consolidated financial statements.

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations. The primary objective of this Update is to make certain improvements to the current reporting practices of not-for-profit entities. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

Subsequent to June 30, 2020, for all these recent accounting pronouncements, the FASB has decided to delay each effective date one (1) year due to the effects of COVID-19 pandemic.

SUPPLEMENTRY INFORMATION

URBAN LEAGUE OF LOUISIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>GRANT/ CONTRACT NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed-through State of Louisiana, Department of Education: Child and Adult Care Food Program	27-041	10.558	\$ <u>40,895</u>
Total U.S. Department of Agriculture			<u>40,895</u>
U.S. DEPARTMENT OF EDUCATION			
Passed-through State of Louisiana, Department of Education: Twenty First Century Community Learning Center	CFMS 677740	84.287	<u>35,361</u>
Total U.S. Department of Education			<u>35,361</u>
U.S. SMALL BUSINESS ADMINISTRATION			
Direct Award: Women Business Ownership Program	SBAHQ-11-W0040	59.043	319,626
Economic Injury Disaster Loan Emergency Advance		59.072	<u>10,000</u>
Total U.S. Small Business Administration			<u>329,626</u>

See Independent Auditors' Report on the Schedule of Expenditures of Federal Awards.

URBAN LEAGUE OF LOUISIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE</u>	<u>GRANT/ CONTRACT NUMBER</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed-through Total Community Action: Early Head Start (Parent Child Center)	06CH0473	93.600	\$ <u>551,158</u>
Total U.S. Department of Health and Human Services			<u>551,158</u>
Total Expenditures of Federal Awards			\$ <u>957,040</u>

The above schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, "Audit of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in the schedule may differ from accounts presented in or used in the preparation of the basic consolidated financial statements.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM
FOR THE YEAR ENDED JUNE 30, 2020

	SUPPORT SERVICES				PROGRAM SERVICES			
	Agency Total	UEDC	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
REVENUES								
Federal grants	\$ 957,040	\$ -	\$ 10,000	\$ 10,000	\$ -	\$ 947,040	\$ 319,626	\$627,414
State, local and other grants	2,046,954	-	54,826	54,826	-	1,992,128	1,441,007	551,121
Board generated self-support	200,725	-	145,200	-	145,200	55,525	51,750	3,775
Client generated self-support	1,828,364	-	144,779	118,499	26,280	1,683,585	824,835	858,750
Interest income	1,597	-	1,597	1,597	-	-	-	-
Realized gain on investment	714	-	714	714	-	-	-	-
Other revenue	525,655	161,440	210,123	209,185	938	154,092	153,331	761
In-kind contributions	85,822	-	-	-	-	85,822	-	85,822
Total self-generated revenue	<u>5,646,871</u>	<u>161,440</u>	<u>567,239</u>	<u>394,821</u>	<u>172,418</u>	<u>4,918,192</u>	<u>2,790,549</u>	<u>2,127,643</u>
United Way funding for next year	<u>51,936</u>	<u>-</u>	<u>1,936</u>	<u>-</u>	<u>1,936</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Grand total revenue	<u>5,698,807</u>	<u>161,440</u>	<u>569,175</u>	<u>394,821</u>	<u>174,354</u>	<u>4,968,192</u>	<u>2,790,549</u>	<u>2,177,643</u>

See the Independent Auditors' Report on Supplementary Information.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

	SUPPORT SERVICES					PROGRAM SERVICES		
	Agency Total	UEDC	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
EXPENSES								
Compensation expenses	\$ 3,499,077	\$ -	\$ 848,580	\$ 848,580	\$ -	\$2,650,497	\$ 1,325,444	\$1,325,053
Occupancy expenses	436,789	-	237,983	237,457	526	198,806	87,590	111,216
Professional fees and contracts	618,094	-	92,587	87,929	4,658	525,507	59,733	365,774
Food	74,699	-	23,225	23,097	128	51,474	-	51,474
Travel and transportation	64,614	-	24,500	21,634	2,866	40,114	22,371	17,743
Special Event expenses	60,646	-	29,450	6,029	23,421	31,196	28,269	2,927
Supplies	123,609	-	28,543	28,185	358	95,066	63,197	31,869
Equipment rental	42,571	-	15,546	15,546	-	27,025	13,357	13,668
Printing and copying	52,062	-	4,837	4,812	25	47,225	1,628	45,597
In-kind costs	85,822	-	-	-	-	85,822	-	85,822
Other direct program expenses	609,457	-	67,918	65,124	2,794	541,539	290,622	250,917
Bad debt	52,486	-	52,486	27,486	25,000	-	-	-
Interest and Loan Amortization	104,852	84,162	20,690	20,690	-	-	-	-
Total expenses before depreciation	<u>5,824,778</u>	<u>84,162</u>	<u>1,446,345</u>	<u>1,386,569</u>	<u>59,776</u>	<u>4,294,271</u>	<u>1,992,211</u>	<u>2,302,060</u>
Net Difference	<u>\$ (125,971)</u>	<u>\$ 77,278</u>	<u>\$(877,171)</u>	<u>\$ (991,748)</u>	<u>\$ 114,578</u>	<u>\$ 673,921</u>	<u>\$ 798,338</u>	<u>\$(124,417)</u>
Depreciation	<u>\$ 294,239</u>	<u>\$ 283,933</u>	<u>\$ 10,306</u>	<u>\$ 10,306</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
				Total Direct Expenses		\$4,294,271	\$ 1,992,211	\$2,302,060
				Percent of Total Program Expenses		100%	46%	54%
				Distribution of Support Services				
				Distribution of Support Services Expenses		<u>1,446,345</u>	<u>665,319</u>	<u>81,026</u>
				Grand Total Program Expenses		<u>\$5,740,615</u>	<u>\$ 2,657,530</u>	<u>\$3,083,086</u>

See the Independent Auditors' Report on Supplementary Information.

SCHEDULE III

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO THE CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2020**

Chief Executive Officer Name: Mrs. Judy Reese Morse

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 165,000
Benefits – insurance	18,587
Benefits – retirement	8,250
Car allowance	2,100
Travel – local	554
Registration fees and conference travel	5,853
Special meals – meetings	4,981
Total	<u>\$ 205,325</u>

See the Independent Auditors' Report on Supplementary Information.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SCHEDULE OF CONSOLIDATED FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	SUPPORT SERVICES				PROGRAM SERVICES		
	Agency Total	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
<u>EXPENSES</u>							
Compensation expenses	\$ 3,499,077	\$ 848,580	\$ 848,580	\$ -	\$ 2,650,497	\$ 1,325,444	\$ 1,325,053
Occupancy expenses	436,789	237,983	237,457	526	198,806	87,590	111,216
Professional fees and contracts	618,094	92,587	87,929	4,658	525,507	159,733	365,774
Food	74,699	23,225	23,097	128	51,474	-	51,474
Travel and transportation	64,614	24,500	21,634	2,866	40,114	22,371	17,743
Special event expenses	60,646	29,450	6,029	23,421	31,196	28,269	2,927
Supplies	123,609	28,543	28,185	358	95,066	63,197	31,869
Equipment rental	42,571	15,546	15,546	-	27,025	13,357	13,668
Printing and copying	52,062	4,837	4,812	25	47,225	1,628	45,597
In-kind costs	85,822	-	-	-	85,822	-	85,822
Other direct program expenses	609,457	67,918	65,124	2,794	541,539	290,622	250,917
Bad debt	52,486	52,486	27,486	25,000	-	-	-
Interest	104,852	104,852	104,852	-	-	-	-
Depreciation	294,239	294,239	294,239	-	-	-	-
Total Expenses	<u>\$ 6,119,017</u>	<u>\$ 1,824,746</u>	<u>\$ 1,764,970</u>	<u>\$ 59,776</u>	<u>\$ 4,294,271</u>	<u>\$ 1,992,211</u>	<u>\$ 2,302,060</u>

See the Independent Auditors' Report on Supplementary Information.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of the **Urban League of Louisiana, Inc. and Subsidiary (the League)** (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 19, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered **the League's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the League's** internal control. Accordingly, we do not express an opinion on the effectiveness of **the League's** internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
CONTINUED

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the League** combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
CONTINUED

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **the League's** internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the League's** internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 19, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Urban League of Louisiana, Inc. and Subsidiary
New Orleans, Louisiana

Report on Compliance for Each Major Program

We have audited the **Urban League of Louisiana, Inc.'s and Subsidiary (the League's)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **the League's** major federal programs for the year ended June 30, 2020. **The League's** major federal programs are identified in the summary of auditors' results section of the accompanying summary schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of the laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **the League's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE
CONTINUED

Auditors' Responsibility, Continued

Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the League's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major program. However, our audit does not provide a legal determination of **the League's** compliance.

Opinion on Each Major Federal Program

In our opinion, **the League** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of **the League** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered **the League's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **the League's** internal control over compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
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COMPLIANCE REQUIRED BY UNIFORM GUIDANCE
CONTINUED

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 19, 2021

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified?
- Significant deficiencies identified that are not considered to be material weakness(es)?

_____ yes X no

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Management letter comments

_____ yes X no

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified?
- Significant deficiencies identified that are not considered to be material weaknesses?

_____ yes X no

_____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Independent Auditors' Results, Continued

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR Section
200.516(a)

yes no

Identification of major programs:

CFDA Number

Name of Federal Program

93.600

Early Head Start
(Parent Child Center)

53.043

Women Business
Ownership Program

Dollar threshold used to distinguish
between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee:

yes no

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Section II - Financial Statement Findings

There were no significant deficiencies, material weaknesses and no instances of non-compliance that were require to be reported in accordance with *Government Auditing Standards*.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Section III - Federal Awards Findings and Questioned Costs

There were no significant deficiencies, material weaknesses and no instances of non-compliance that were required to be reported in accordance with 2 CFR Section 200.516(a) of Uniform Guidance.

URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Status of Prior Year's Comments to Management

None reported in prior year

**URBAN LEAGUE OF LOUISIANA, INC. AND SUBSIDIARY
EXIT CONFERENCE**

The audit report was discussed during the course of the audit and at an exit conference held with **the League**. The individuals who participated in those discussions were as follows:

URBAN LEAGUE OF LOUISIANA INC. AND SUBSIDIARY

Mr. Victor G. Robinson, CPA	Chairman of Audit Committee
Mrs. Judy Reese Morse	President and Chief Executive Officer
Ms. Shawne B. Favre, CPA	Vice President of Finance and Operations

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Joseph A. Akanji, CPA	Engagement Partner
Mr. Atikuer Bhuyan	Engagement Staff
Ms. Monique McGary	Engagement Staff