

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC.  
AND SUBSIDIARY**

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

**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

(Retired)  
Michael B. Bruno, CPA (2011)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Urban League of Greater New Orleans, 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 Greater New Orleans, Inc. and Subsidiary (the League)** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities 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 audits 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 Greater New Orleans, 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, 2017 and 2016, 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.

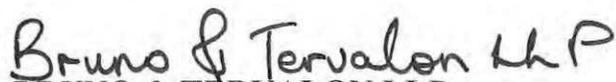
**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**Urban League of Greater New Orleans, 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 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 December 29, 2017 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

December 29, 2017

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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**ASSETS**

	June 30,	
	2017	2016
Assets:		
Cash and cash equivalents (NOTE 1)	\$ 367,879	\$ 414,131
Short-term investment	3,094	3,444
Due from funding agencies (NOTE 15)	367,038	491,634
Prepaid expenses and other assets	15,056	18,126
Promises to give (NOTES 10 and 14)	291,351	405,877
Land, building and equipment, net (NOTES 1 and 3)	8,008,498	7,999,248
Note receivable (NOTES 1 and 16)	-0-	5,089,000
Endowment fund (NOTE 10)	35,369	32,704
Total assets	\$ 9,088,285	\$ 14,454,164

**LIABILITIES AND NET ASSETS**

Liabilities:		
Current portion of long-term debt (NOTE 4)	\$ 134,857	\$ 141,085
Accounts payable	159,704	130,053
Accrued liabilities	85,245	76,765
Revolving line of credit (NOTE 5)	300,000	299,886
Long-term debt, net (NOTE 4)	1,512,901	7,199,346
Total liabilities	2,192,707	7,847,135
Net assets (NOTE 1):		
Unrestricted	6,568,858	6,168,448
Temporarily restricted (NOTE 10)	291,351	405,877
Permanently restricted (NOTE 10)	35,369	32,704
Total net assets	6,895,578	6,607,029
Total liabilities and net assets	\$ 9,088,285	\$ 14,454,164

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

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>REVENUES AND PUBLIC SUPPORT</u></b>				
Revenues and public support:				
Federal grants (NOTE 12)	\$ 1,199,454	\$ -0-	\$ -0-	\$ 1,199,454
State and local grants	3,158,474	-0-	-0-	3,158,474
United Way funding (NOTE 14)	-0-	115,851	-0-	115,851
Board-generated self support	467,225	120,500	-0-	587,725
Client-generated self support	66,433	-0-	-0-	66,433
Interest income	351	-0-	-0-	351
Other revenue	985,544	-0-	-0-	985,544
In-kind contributions (NOTE 11)	121,651	-0-	-0-	121,651
Net assets released from restrictions:				
Satisfaction of purpose and time restrictions (NOTE 9)	<u>350,877</u>	<u>(350,877)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and public support	<u>6,350,009</u>	<u>(114,526)</u>	<u>-0-</u>	<u>6,235,483</u>
<b><u>EXPENSES</u></b>				
Program services:				
Economic development	1,995,397	-0-	-0-	1,995,397
Education and social justice	2,225,977	-0-	-0-	2,225,977
Total program services	<u>4,221,374</u>	<u>-0-</u>	<u>-0-</u>	<u>4,221,374</u>
Support services:				
Management and general	1,422,641	-0-	-0-	1,422,641
Resource development	305,584	-0-	-0-	305,584
Total support services	<u>1,728,225</u>	<u>-0-</u>	<u>-0-</u>	<u>1,728,225</u>
Total expenses	<u>5,949,599</u>	<u>-0-</u>	<u>-0-</u>	<u>5,949,599</u>
Realized gain on investments	<u>-0-</u>	<u>-0-</u>	<u>2,665</u>	<u>2,665</u>
Changes in net assets	400,410	(114,526)	2,665	288,549
Net assets, beginning of year	<u>6,168,448</u>	<u>405,877</u>	<u>32,704</u>	<u>6,607,029</u>
Net assets, end of year	<u>\$ 6,568,858</u>	<u>\$ 291,351</u>	<u>\$ 35,369</u>	<u>\$ 6,895,578</u>

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

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b><u>REVENUES AND PUBLIC SUPPORT</u></b>				
Revenues and public support:				
Federal grants (NOTE 12)	\$ 1,239,875	\$ -0-	\$ -0-	\$ 1,239,875
State and local grants	2,235,228	-0-	-0-	2,235,228
United Way funding (NOTE 14)	-0-	55,877	-0-	55,877
Board-generated self support	882,930	-0-	-0-	882,930
Client-generated self support	81,219	-0-	-0-	81,219
Interest income	135	-0-	-0-	135
Other revenue	275,206	-0-	-0-	275,206
In-kind contributions (NOTE 11)	152,027	-0-	-0-	152,027
Net assets released from restrictions:				
Satisfaction of purpose and time restrictions (NOTE 9)	106,063	(106,063)	-0-	-0-
Total revenues and public support	4,972,683	(50,186)	-0-	4,922,497
<b><u>EXPENSES</u></b>				
Program services:				
Economic development	1,807,919	-0-	-0-	1,807,919
Education and social justice	2,155,755	-0-	-0-	2,155,755
Total program services	3,963,674	-0-	-0-	3,963,674
Support services:				
Management and general	1,205,995	-0-	-0-	1,205,995
Resource development	665,786	-0-	-0-	665,786
Total support services	1,871,781	-0-	-0-	1,871,781
Total expenses	5,835,455	-0-	-0-	5,835,455
Realized losses on investments	-0-	-0-	(77)	(77)
Changes in net assets	(862,772)	(50,186)	(77)	(913,035)
Net assets, beginning of year	7,031,220	456,063	32,781	7,520,064
Net assets, end of year	\$ 6,168,448	\$ 405,877	\$ 32,704	\$ 6,607,029

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

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

	For the Years Ended	
	June 30,	
	2017	2016
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 288,549	\$ (913,035)
Adjustment to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	298,952	296,007
Realized gain on investments	350	181
Amortization of issuance cost	58,510	58,510
Capitalization of interest expense	74,066	74,060
Gain on early extinguishment of debt	(506,769)	-0-
Changes in assets and liabilities:		
Prepaid expenses	3,070	(5,563)
Promises to give	114,526	50,186
Due from funding agencies	124,596	(37,000)
Accounts payable	29,651	(65,719)
Accrued liabilities	8,480	(52,718)
Net cash provided by (used in) operating activities	493,981	(595,091)
<b>Cash Flows from Investing Activities:</b>		
Acquisition of building improvements and equipment	(306,802)	(224,909)
Net cash used in investing activities	(306,802)	(224,909)
<b>Cash Flows from Financing Activities:</b>		
Proceeds from long-term debt/line of credit	22,614	262,068
Principal payments on long-term debt and line of credit	(256,045)	(369,517)
Net cash used in financing activities	(233,431)	(107,449)
Net decrease in cash and cash equivalents	(46,252)	(927,449)
Cash and cash equivalents - beginning of year	414,131	1,341,580
Cash and cash equivalents - end of year	\$ 367,879	\$ 414,131
<b>Supplemental Disclosures:</b>		
Interest paid	\$ 160,846	\$ 151,681
<b>Noncash items:</b>		
Notes receivable – tax credit	\$ 5,089,000	\$ -0-
Notes obligation	\$ 5,089,000	\$ -0-

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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Nature of Activities

The **Urban League of Greater New Orleans, 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.

For the years ended June 30, 2017 and 2016, **the League** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under FASB ASC Section 958-205, **the League** is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets; unrestricted, temporarily restricted and permanently restricted net assets. In addition, **the League** is required to present a statement of cash flows.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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

Contributions Recognition

**The League** accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

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 GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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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 statement 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** 2014, 2015 and 2016 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, 2017 and 2016, 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 GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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

Notes Receivable and Allowance for Loan Losses

Notes receivable are stated at face value, net of the allowance for loan losses. Interest earned on loans is credited to operations monthly based on the principal amount outstanding and the terms of the loan.

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed. Interest income is subsequently recognized only to the extent cash payments are received.

The allowance for loan losses is established through a provision for loan losses charged to expense. Management's judgment in determining the adequacy of the allowance is based on evaluations of the collectibility of the loans. These evaluations take into considerations such factors as changes in the nature and value of the loan portfolio, current economic conditions that may affect the borrower's ability to pay, and overall portfolio quality.

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.

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 GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 3 - LAND, BUILDING AND EQUIPMENT:

As of June 30, 2017, and 2016, **the League** held the following fixed assets:

	<u>2017</u>	<u>2016</u>
Non-depreciable assets:		
Land (contributed)	\$ 1,105,500	\$ 1,105,500
Total non-depreciable assets	<u>1,105,500</u>	<u>1,105,500</u>
Depreciable assets:		
Building and building improvements/funds	7,848,985	7,542,183
Vehicles	50,965	50,965
Furniture and equipment	<u>279,924</u>	<u>279,924</u>
Total depreciable assets	8,179,874	7,873,072
Less: accumulated depreciation	<u>(1,276,876)</u>	<u>(979,324)</u>
Total depreciable assets, net	<u>6,902,998</u>	<u>6,893,748</u>
Total land, building and equipment, net	<u>\$ 8,008,498</u>	<u>\$ 7,999,248</u>

Depreciation expense for the year ended June 30, 2017 and 2016 amounted to \$298,952 and \$296,007 respectively.

At June 30, 2017 and 2016, 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 \$2,859,401 and \$2,788,028, 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.

Interest expense capitalized during the years ended June 30, 2017 and 2016 was \$74,066 and \$74,066, respectively.

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 4 - LONG-TERM DEBT:

A summary of long-term debt as of June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
7.0 percent construction loan payable due to a bank maturing, on December 27, 2015. The loan is subject to the terms of the related agreements.	\$ 1,778	\$ 1,169
Five (5) unsecured lines of credit from a bank at 12.25 percent in the total amount. The unused lines of credit amounted to \$40,082 subject to the terms of the related agreements.	23,081	29,918
Two (2) loans for \$1,911,000 and \$5,089,000 which are secured by real estate having quarterly interest-only payments at 0.50 percent and 2.62 percent, respectively, through March 25, 2018, at which time principal and interest for both loans are due. The loans mature on September 24, 2042.	-0-	7,000,000
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>1,622,899</u>	<u>1,772,085</u>
Total long-term debt	1,647,758	8,803,172
Less: Current maturities	134,857	141,085
Unamortized issuance costs	-0-	1,462,741
Total long-term debt, net	<u>\$ 1,512,901</u>	<u>\$ 7,199,346</u>

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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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>
2018	\$ 134,857
2019	43,496
2020	46,409
2021	49,518
2022	52,834
Thereafter	<u>1,320,644</u>
	<u>\$ 1,647,758</u>

NOTE 5 - REVOLVING LINES OF CREDIT:

At June 30, 2017 and 2016, **the League** has 4.5 percent revolving lines of credit payable to two (2) banks due on demand with an aggregate unpaid balance of \$300,000 and \$299,886, 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, 2017 and 2016 were \$55,076 and \$41,489 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:

	<u>2017</u>	<u>2016</u>
Program service – Space	\$ <u>23,425</u>	\$ <u>19,004</u>
Total	<u>\$ 23,425</u>	<u>\$ 19,004</u>

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 8 - COMMITMENTS:

The League leased equipment under operating leases expiring in various years through 2017. Future scheduled minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	<u>17,458</u>
Total minimum future rental payments	\$ <u>17,458</u>

NOTE 9 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions during the years ended June 30, 2017 and 2016 by incurring expenses satisfying the purpose and time restrictions as follows:

	<u>2017</u>	<u>2016</u>
Educational activities - general - United Way	\$ 55,877	\$ 31,063
Goldring Family Foundation	75,000	75,000
Louisiana Healthcare Connections	200,000	-0-
Georges Enterprise	<u>20,000</u>	<u>-0-</u>
Total	\$ <u>350,877</u>	\$ <u>106,063</u>

NOTE 10 - RESTRICTED NET ASSETS:

Restricted net assets consisted of the following purposes as of June 30, 2017 and 2016, respectively:

<u>Temporarily Restricted Net Assets:</u>		
	<u>2017</u>	<u>2016</u>
United Way funding	\$ 115,851	\$ 55,877
Building improvements	<u>175,500</u>	<u>350,000</u>
Total	\$ <u>291,351</u>	\$ <u>405,877</u>

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 10 - RESTRICTED NET ASSETS, CONTINUED:

Permanently Restricted Net Assets:

Permanently restricted net assets are subject to donor-imposed restrictions that the principal be invested in perpetuity. Permanently restricted net assets consist of an endowment fund of \$35,369 and \$32,704, as of June 30, 2017 and 2016, respectively.

NOTE 11 - 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:

	For the years ended June 30,	
	2017	2016
Professional services	\$ <u>121,651</u>	\$ <u>152,027</u>

NOTE 12 - 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

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 12 - GRANTS FROM GOVERNMENTAL AGENCIES, CONTINUED:

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, 2017 and 2016 are summarized as follows:

	2017	2016
Grant Receipts:		
Direct Awards	\$ 155,760	\$ 155,366
Pass-throughs	1,043,694	1,084,509
Total receipts	1,199,454	1,239,875
Grand Expenditures:		
Non-capital	1,199,454	1,239,875
Total expenditures	\$ 1,199,454	\$ 1,239,875

NOTE 13 - 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 14 - PROMISES TO GIVE:

As of June 30, 2017 and 2016, promises to give represent support from private companies and individuals related to the capital campaign and other restricted purposes totaling \$291,351 and \$405,877 respectively. The amounts are deemed collectible and available from the following sources in less than one (1) year:

	2017	2016
Private companies and individuals	\$ 175,500	\$ 350,000
United Way Services funding for the next fiscal year	115,851	55,877
Total	\$ 291,351	\$ 405,877

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

**NOTE 15 - DUE FROM FUNDING AGENCIES:**

As of June 30, 2017 and 2016, due from funding agencies consisted of the following:

	2017	2016
Private Sources:		
National Urban League	\$ 24,097	\$ 40,654
Other Private Companies	-0-	4,897
Ceasefire	-0-	204,736
State of Louisiana Source	191	12,844
Federal Sources:		
U.S. Corporation for National and Community Service	4,810	5,971
U.S. Department of Health and Human Services	84,810	81,390
U.S. Small Business Administration	146,841	27,289
U.S. Department of Education	58,605	74,758
U.S. Department of Labor	47,684	39,095
Total due from funding agencies	\$ 367,038	\$ 491,634

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 2017 and 2016 fiscal years. All amounts are considered collectible. **The League** does not assess finance charges on receivables due. There were no bad debts for the 2017 and 2016 fiscal years.

**NOTE 16 - NOTE RECEIVABLE:**

**The League**, under the terms of the new market tax credits, entered into a leverage loan and security agreement with FNBC NMTC #1, LLC, a Louisiana limited liability company with a total carrying amount of \$5,089,000 on September 24, 2010, with an interest rate per annum equal to 0.50 percent. The annual interest rate for the note is computed on the basis of a 360-day year consisting of twelve (12) 30-day months. The note matures on September 24, 2042. However, in an agreement entered into by all parties involved, the note receivable and related leverage loans were assigned and cancelled subsequent to the year end.

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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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 two (2) of the three (3) financial institutions at June 30, 2017 and 2016 that exceeded the balances insured by the FDIC in the amounts of \$101,114 and \$77,743, respectively.

**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 statements of financial position date for potential recognition or disclosure in the consolidated financial statements. **The League** performed such an evaluation through December 29, 2017, the date which the consolidated financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statements of financial position date requiring recognition or disclosure.

Dissolution of Tax Credit Arrangement

At the October 2016 board meeting the Budget and Finance Committee of the Board of Directors of **the League** of authorized the process of unwinding the New Markets Tax Credit arrangement that was processed on September 24, 2010 with First National Bank Corporation Historic Tax Partners, LLC ( FNBC NMTC, LLC) which is now in receivership with Federal Deposit Insurance Corporation (FDIC). Upon consultation with legal representation from Fishman Haygood, **the League** attorney, Liberty Bank and Trust Company represented by Liberty Community Ventures X, LLC and FNBC

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 18 - SUBSEQUENT EVENTS, CONTINUED:

Dissolution of Tax Credit Arrangement, Continued

NMTC, LLC/FDIC, the unwind process and dissolution began and was concluded subsequent to the year end. The arrangement resulted in total extinguishment of all notes payable and related note receivable. Every party connected received their apportioned distributions.

Tax Status

On August 31, 2016, the Board of Directors of **the League** approved an expansion plan to allow **the League** to operate throughout the State of Louisiana. This expansion plan included the authority for management to change the name of **the League** to the Urban League of Louisiana. In March of 2017, a resolution was issued by the Board to allow **the League** to do business as the Urban League of Louisiana. A name change was filed with the Secretary of State on March 10, 2017 and was approved. **The League** is still operating under the IRS determination letter for **the League** until such time as a new determination letter for Urban League of Louisiana is issued.

NOTE 19 - SUBSIDIARY ACTIVITY:

**The League** owns 99.99 percent equity and Liberty Bank and Trust Company owns 0.01 percent equity of a subsidiary company, Urban Equity Development Corporation (the Subsidiary). The Subsidiary meets the requirements of a Qualified Active Low-Income Community Business (QALICB) in accordance with the terms under the New Markets Tax Credit

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 19 - SUBSIDIARY ACTIVITY, CONTINUED:

(NMTC) program pursuant to Section 45(D) of the Internal Revenue Code (IRC) in order to obtain loans at reduced rates. As a result, the Subsidiary obtained two (2) loans from a Community Development Entity (CDE). Under the terms of the NMTC program, the Subsidiary must continue to meet the definition of a QALICB throughout the loan period. Subsequent to June 30, 2017, the two (2) loans were cancelled in a deal authorized by **the League's** Board of Directors and authorized by all parties involved.

NOTE 20 - 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, 2017 and 2016.

NOTE 21 - 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:

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 21 - FAIR VALUE MEASUREMENTS, CONTINUED:

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.

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, 2017 and 2016.

	<u>Fair Value</u>	<u>Fair Value Measurement Using: Quoted Prices in Active Markets for Identical Assets (Level 2)</u>
<u>June 30, 2017</u>		
Endowment fund	\$ <u>35,369</u>	\$ <u>35,369</u>
<u>June 30, 2016</u>		
Endowment fund	\$ <u>32,704</u>	\$ <u>32,704</u>

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**

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NOTE 22 - 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, note receivable, endowment fund, designated fund, revolving lines of credit and long term debt. For these financial instruments, carrying values approximate fair value.

The estimated fair values of **the League's** financial instruments as of June 30, 2017 and 2016 are as follows:

<u>June 30, 2017</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 367,879	\$ 367,879
Short-term investment	3,094	3,094
Endowment fund	35,369	35,369
Revolving lines of credit	300,000	300,000
Long-term debt	1,647,758	1,647,758

<u>June 30, 2016</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 414,131	\$ 414,131
Short-term investment	3,444	3,444
Note receivable	5,089,000	5,089,000
Endowment fund	32,704	32,704
Revolving lines of credit	299,886	299,886
Long-term debt	7,340,431	7,340,431

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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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. 2015-01, *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 2016, the FASB issued ASU 2016-01, 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

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED

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NOTE 23 - Recent Accounting Pronouncements, Continued:

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.

In February 2016, the FASB issued ASU 2016-02, 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.

**SUPPLEMENTRY INFORMATION**

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT/ CONTRACT NUMBER	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE Passed-through State of Louisiana, Department of Education: Child and Adult Care Food Program	27-041	10.558	\$ <u>57,816</u>
Total U.S. Department of Agriculture			<u>57,816</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>58,605</u>
Total U.S. Department of Education			<u>58,605</u>
U.S. SMALL BUSINESS ADMINISTRATION Direct Award: Women Business Ownership Program	SBAHQ-11-W0040	59.043	<u>119,552</u>
Total U.S. Small Business Administration			<u>119,552</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Passed-through Total Community Action: Early Head Start (Parent Child Center)	06CH0473	93.600	<u>493,353</u>
Total U.S. Department of Health and Human Services			<u>493,353</u>

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

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE	GRANT/ CONTRACT NUMBER	FEDERAL CFDA NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF LABOR</b>			
Passed-through National Urban League:			
Urban Youth Empowerment Program	FOA-ETA15-04	17.261	\$ 185,126
Training to Work	PE-27380-15-60-A36	17.270	<u>248,794</u>
Total U.S. Department of Labor			<u>433,920</u>
<b>U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
Direct Awards:			
Americorps	15NDJINY001	94.006	<u>36,208</u>
Total U.S. Corporation for National and Community Service			<u>36,208</u>
Total Expenditures of Federal Awards			\$ <u>1,199,454</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.

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

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**SCHEDULE OF REVENUE AND EXPENSES BY PROGRAM**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	SUPPORT SERVICES					PROGRAM SERVICES		
	Agency Total	UEDC	Total Support Services	Management and General	Resource Development	Total Program Services	Economic Development	Education and Social Justice
<b>REVENUES</b>								
Federal grants	\$ 1,199,454	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,199,454	\$ 589,680	\$ 609,774
State and local grants	3,158,474	-0-	445,000	445,000	-0-	2,713,474	1,556,990	1,156,484
Board generated self-support	587,725	-0-	587,725	-0-	587,725	60,544	30,544	30,000
Client generated self-support	66,433	-0-	5,889	-0-	5,889	-0-	-0-	-0-
Interest Income	351	-0-	351	351	-0-	-0-	-0-	-0-
Realized gain on investment	509,434	506,769	2,665	2,665	-0-	-0-	-0-	-0-
Other revenue	478,775	260,821	217,954	217,954	-0-	-0-	-0-	-0-
In-kind contributions	121,651	-0-	-0-	-0-	-0-	121,651	-0-	121,651
Total self-generated revenue	<u>6,122,297</u>	<u>767,590</u>	<u>1,259,584</u>	<u>665,970</u>	<u>593,614</u>	<u>4,095,123</u>	<u>2,177,214</u>	<u>1,917,909</u>
United Way funding for next year	115,851	-0-	-0-	-0-	-0-	115,851	-0-	115,851
Grand total revenues	\$ <u>6,238,148</u>	\$ <u>767,590</u>	\$ <u>1,259,584</u>	\$ <u>665,970</u>	\$ <u>593,614</u>	\$ <u>4,210,974</u>	\$ <u>2,177,214</u>	\$ <u>2,033,760</u>

See the Independent Auditors' Report on Supplementary Information.



**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER**  
**PAYMENTS TO THE PRESIDENT AND CHIEF EXECUTIVE OFFICER**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**President and Chief Executive Officer Name:** Mrs. Erika McConduit

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 154,350
Benefits – insurance	17,400
Benefits – retirement	15,360
Car allowance	1,765
Travel – local	2,248
Registration fees and conference travel	9,603
Total	<u>\$ 200,726</u>

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 Greater New Orleans, 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 Greater New Orleans, Inc. and Subsidiary (the League)** (a nonprofit corporation), which comprise the consolidated statement of financial position as of June 30, 2017, 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 December 29, 2017.

**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 consolidated financial

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**

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.

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's** consolidated 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 consolidated 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

December 29, 2017

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 Greater New Orleans, Inc. and Subsidiary**  
New Orleans, Louisiana

**Report on Compliance for Each Major Program**

We have audited the **Urban League of Greater New Orleans, 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, 2017. **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, 2017.

**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  
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
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

December 29, 2017

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

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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 GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2017

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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)

17.270

Training to Work

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 GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2017

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Section II - Financial Statement Findings

No Matters Reported

Section III - Findings and Questioned Costs Related to Federal Awards

No Matters Reported

URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017

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**Section I - Financial Statement Findings**

None reported

**Section II – Finding and Questioned Costs Related to Federal Awards**

None reported

**Section III - Comments to Management**

See Independent Auditors' Comments to Management

**URBAN LEAGUE OF GREATER NEW ORLEANS, INC. AND SUBSIDIARY  
EXIT CONFERENCE**

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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 GREATER NEW ORLEANS INC. AND SUBSIDIARY**

Mr. Victor G. Robinson, CPA  
Mrs. Erika McConduit  
Ms. Gizelle Johnson-Banks

Chairman of Audit Committee  
President and Chief Executive Officer  
Vice President of Finance

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Joseph A. Akanji, CPA  
Mr. Tyrone James, CFE

Engagement Partner  
Engagement Manager

**URBAN LEAGUE OF GREATER NEW ORLEANS**  
**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED JUNE 30, 2017**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA  

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(Retired)  
Michael B. Bruno, CPA (2011)

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

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To the Board of Directors  
**Urban League of Greater New Orleans**  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by **Urban League of Greater New Orleans (The League)** and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-upon Procedures (SAUPs), for the year ended June 30, 2017 ("fiscal period"). **The League's** management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS**

Our procedures and findings related to the statewide agreed-upon procedures are as follows:

**Written Policies and Procedures**

1. We obtained **The League's** written policies and procedures to determine whether the policies and procedures address each of the following financial/business functions, as applicable:

- a) Budgeting, including preparing, adopting, monitoring, and amending the budget.

*No exceptions were noted.*

- b) Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

*We noted no policy and procedures for a vendor list was provided.*

**Management's Response**

The Urban League of Greater New Orleans, through our Women's Business Resource Center checks to ensure that vendors utilized by **the League** are not on the federal suspension and debarment list. We ensure that **the League's** policies reflect this and maintain a list of approved vendors.

- c) Disbursements, including processing, reviewing, and approving.

*No exceptions were noted.*

- d) Receipts, including receiving, recording, and preparing deposits.

*No exceptions were noted.*

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

- f) Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

*We noted that the policy and procedures lacked a monitoring process of contracts.*

**Management's Response**

**The League's** grants/contracts accountant monitors its contracts for compliance with grant and contract requirements through the monthly reporting process and participating in programmatic audits of the grants and contracts by funding agencies. We will update the policies to reflect the monitoring process.

*We noted no policy and procedures in place for contracts to be reviewed by legal representation.*

**Management's Response**

**The League** does not have a Legal Department; however, all contracts are reviewed by the President and CEO who holds a law degree. Additionally, Contracts are sometimes reviewed by board members who work for law firms, or legal representation is retained on a case-by-case basis. **The League** will update its policies to reflect this process.

- g) Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

*No exceptions were noted.*

- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

*We noted no policy and procedures in place for the monitoring system for credit card usage.*

**Management's Response**

**The League** does have a credit card policy and requires pre-approval for all credit card usage that includes reason for request and supervisor signature. Credit Card statements are reviewed in accounting and are recorded accordingly. During this reconciliation

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

process, all purchases are reviewed and all backup documentation for every purchase is placed with the credit statement for proof of purchase, approval and receipt. **The League** will update its policies accordingly to reflect this monitoring system.

- i) Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

*No exceptions were noted.*

- j) Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

*No exceptions were noted.*

**Board (or Finance Committee, if applicable)**

- 2. We obtained and reviewed the Board/Finance Committee minutes for the fiscal period to determine whether:

- a) The Board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.

*No exceptions were noted.*

- b) The Board minutes referenced or included monthly budget-to-actual comparisons on **the League's** funds, and if the budget-to-actual comparisons showed that management was deficit spending during the fiscal period, there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*No exceptions were noted.*

- c) The minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*No exceptions were noted.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

3. We requested all four quarters budget-to-actual for significant variances, as requested by the Board of Directors.

*No exceptions were noted.*

*Bank Reconciliations*

4. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

*No exceptions were noted.*

5. From the listing provided by management, we selected three (3) of **the League's** bank accounts and obtained bank statements and reconciliations for all months in the fiscal period to determine whether:

- a) Bank reconciliations have been prepared;

*No exceptions were noted.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) have reviewed each bank reconciliation; and

*No exceptions were noted.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six (6) months as of the end of the fiscal period.

*No exceptions were noted.*

6. We inquired of management whether copies of voided checks, a list of outstanding checks and unusual reconciling items are being provided to the Board and Finance Committee.

*No exceptions were noted.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

Cash Collections

7. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*No exceptions were noted.*

8. From the listing provided by management, we selected all of **the League's** cash collection locations and:

- a) Obtained existing written documentation (e.g. insurance policy, policy manual, job description) to determine whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*No exceptions were noted.*

- b) Obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, and policy manual) to determine whether **the League** has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*No exceptions were noted.*

- c) Selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1) Using entity collection documentation, deposit slips, and bank statements, traced daily collections to the deposit date on the corresponding bank statement to determine whether the deposits were made within one day of collection.

*No exceptions were noted.*

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, verified that daily cash collections are completely supported by documentation.

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**(CONTINUED)**

9. We obtained existing written documentation (e.g. policy manual, written procedure) to determine whether **the League** has a process specifically defined (identified as such by **the League**) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

*No exceptions were noted.*

**Disbursements – General (excluding credit card purchases or payments)**

10. We obtained **the League's** general ledger for the period July 1, 2016 through June 30, 2017 and filtered for disbursements. We obtained management's representation that the general ledger population was complete.

*No exceptions were noted.*

11. Using the disbursement population from #11 above, we randomly selected 25 disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction to determine whether:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*We noted one (1) of twenty-five (25) purchases were not initiated using the purchase order system.*

**Management's Response**

Management will ensure that all purchases are initiated using a requisition or check request prior to processing any orders.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*No exceptions were noted.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

*We noted one (1) of twenty-five (25) purchases did not include an approved requisition and/or purchase order, or electronic equivalent.*

**Management's Response**

Management will ensure that all purchases are approved prior to processing the request.

12. We reviewed **the League's** documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the person responsible for processing payments is prohibited from adding vendors to **the League's** purchasing/disbursement system.

*We noted that after the W-9 is obtained from a department the Finance Director enters the new vendor into New World (The League's accounting system).*

13. We reviewed **the League's** documentation (e.g. electronic system control documentation, policy manual, written procedure) to determine whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*We noted that all checks prepared by persons independent of those who initiate or approve expenditures, as well as those who are authorized check signers.*

14. We inquired of management and observed the supply of unused checks to determine whether unused checks are maintained in a locked location, with access restricted to those persons that do not have signatory authority.

*The supply of unused checks is kept in the Finance Director's office and when she is not present the payroll specialist has access to unused checks.*

15. We inquired **the League** if a signature stamp is used for payments. We also inquired whether signed checks are likewise maintained under the control of the signer or authorized user until mailed.

*No signature stamp or signature machine is used at the League. Also, the signed checks are in the possession of the accounts payable accountant until mailed.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

Credit Cards

16. We obtained from management a listing of all active credit cards, including the card numbers and the names of the persons who maintained possession of the cards and we obtained management's representation that the listing is complete.

*No exceptions were noted.*

17. Using the listing prepared by management, we randomly selected two (2) of the four (4) cards that were used during the fiscal period and obtained the monthly statements. We selected the monthly statement with the largest dollar activity for each card to determine whether:

- a) There is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

*No exceptions were noted.*

- b) Finance charges and/or late fees were assessed on the selected statements.

*We also noted that no finance charges or late fees were assessed on any of the statements reviewed.*

18. Using the monthly statements selected under #17 above, we obtained supporting documentation for all transactions for each of the two cards selected.

- a) We reviewed each transaction to determine whether the transaction is supported by:

- 1) An original itemized receipt (i.e., identifies precisely what was purchased)

*No exceptions were noted.*

- 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*No exceptions were noted.*

- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No exceptions were noted.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

- b) For each transaction, we reviewed the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) for compliance with **the League's** written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes).

*No exceptions were noted.*

- c) For each transaction, we compared **the League's** documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed).

*No exceptions were noted.*

Travel and Expense Reimbursement

19. We obtained the general ledger for the period July 1, 2016 through June 30, 2017 and filtered for travel reimbursements. We obtained management's representation that the general ledger population is complete.

*No exceptions were noted.*

20. We obtained **the League's** written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) to determine whether there are any amounts that exceed GSA rates.

*No exceptions were noted.*

21. Using the transactions from #20 above, we selected the three persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) We compared expense documentation to written policies to determine whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging).

*No exceptions were noted.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

b) We determined whether each expense is supported by:

1) An original itemized receipt that identifies precisely what was purchased.

*No exceptions were noted.*

2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions were noted.*

3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*We noted two (2) of three (3) lacked documentation to support expense reimbursement.*

**Management's Response**

Management currently requires documentation for all expense reimbursements. The two reimbursement exceptions are for staff that utilized odometer readings as mileage reimbursement, which management considered sufficient as back up for the mileage reimbursement. Management will begin to require staff to keep mileage logs to confirm distance traveled.

c) We compared **the League's** documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value.

*No exceptions were noted.*

d) We determined whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were noted.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

Contracts

22. We obtained a listing of all contracts in effect during the fiscal period and obtained the general ledger for the period July 1, 2016 through June 30, 2017 and filtered for contract payments. We obtained management's representation that the general ledger population is complete.

*No exceptions were noted.*

23. Using the listing above, we selected the five (5) contract vendors that were paid the most money during the fiscal period, including the transportation contract and excluding purchases on state contract and payments to the practitioner. We obtained the related contracts and paid invoices and:

- a) We determined whether there is a formal/written contract that supports the services arrangement and the amount paid.

*No exceptions were noted.*

- b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code to determine whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, we obtained and compared supporting contract documentation to legal requirements to determine whether **the League** complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*No exceptions were noted.*

- 2) If no, we obtained supporting contract documentation to determine whether **the League** solicited quotes as a best practice.

*No exceptions were noted.*

- c) We determined whether the contract was amended, and if so, we determined whether the original contract terms contemplated or provided for such an amendment.

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**(CONTINUED)**

- d) We selected the largest payment from each of the five (5) contracts, obtained the supporting invoice, and compared the invoice to the contract terms, to determine whether the invoice and related payment complied with the terms and conditions of the contract.

*No exceptions were noted.*

- e) We obtained and reviewed contract documentation and board minutes to determine whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*No exceptions were noted.*

**Payroll and Personnel**

24. We obtained a listing of employees (and elected officials, if applicable) with their related salaries. We selected the five (5) highest paid employees, obtained their personnel files, and:

- a) Reviewed compensation paid to each employee during the fiscal period to determine whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*We noted there were no exceptions and only differences are due to carry over of time earned.*

- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period to determine whether those changes were approved in writing and in accordance with written policy.

*No exceptions were noted.*

25. We obtained attendance and leave records and randomly selected one pay period in which leave was taken by at least one employee (November 9-23, 2016). Within that pay period, we randomly selected 25 employees to determine whether:

- a) All selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**(CONTINUED)**

- b) There is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees.

*No exceptions were noted.*

- c) There is written documentation that **the League** maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees that earn leave.

*No exceptions were noted.*

26. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. We selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees. We reviewed the termination payments to determine whether they were made in strict accordance with policy and/or contract and approved by management.

*No exceptions were noted.*

27. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period to determine whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*No exceptions were noted.*

**Ethics**

28. Using the twenty-five (25) randomly selected employees from procedure #26 under "Payroll and Personnel" above, we obtained ethics compliance documentation from management to determine whether the League maintained documentation to demonstrate that required ethics training was completed. We also reviewed the employee files for the employees selected to determine whether there was a signed verification of having read the ethics policy included in the file.

*This procedure is not applicable as the League is nonprofit.*

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**(CONTINUED)**

29. We inquired of management whether any alleged ethics violations were reported to **the League** during the fiscal period and, if applicable, reviewed documentation demonstrating that management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with **the League's** ethics policy.

*This procedure is not applicable as the League is nonprofit.*

**Debt Service**

30. If debt was issued during the fiscal period, we obtained supporting documentation from **the League** to determine whether State Bond Commission approval was obtained.

*This procedure is not applicable as the league is nonprofit.*

31. If **the League** had outstanding debt during the fiscal period, we obtained supporting documentation from **the League** and report whether **the League** made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*This procedure is not applicable as the is nonprofit.*

32. If **the League** had tax mileages relating to debt service, we obtained supporting documentation to determine whether millage collections exceeded debt service payments by more than 10% during the fiscal period.

*This procedure is not applicable as the league is nonprofit.*

**Other**

33. We inquired of management whether **the League** had any misappropriations of public funds or assets. If so, we obtained and reviewed supporting documentation to determine whether **the League** reported the misappropriation to the Louisiana Legislative Auditor and the District Attorney of Orleans Parish.

*No misappropriations of public funds or assets were identified during the period.*

34. We observed **the League's** premises and website to determine whether The League posted the notice required by R.S. 24:523.1.

*The League did not have the notice required by R.S. 24:523.1 posted on its website.*

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)

Management's Response

Management will post the required notice of misappropriation, fraud, waste or abuse of public funds on the website or physical premises.

35. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions were identified regarding management's representations in the procedures above.*

\*\*\*\*\*

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion or conclusion on management's assertions, respectively, on that control and compliance areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those control and compliance areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. 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

December 29, 2017



Urban League of  
Louisiana

**Empowering Communities.  
Changing Lives.**

December 28, 2017

Chairman of the Board  
Chris D'Amour

Vice Chairman  
Jade Brown-Russell

Treasurer  
Dennis R. McSeveney

Secretary  
Ronald Carrere

Ex-Officio  
Dottie Reese

Honorary Members  
Norman C. Francis  
Charles Teamer

President & CEO  
Erika McConduit

Directors  
Ryan Banks

Leah Brown

Jason Burns

Karl Connor

Arnel Cosey

George Chin

Flozell Daniels

John Georges

Nick Harris

Telley Medina

Minh Nguyen

Sonia Perez

Victor Robinson

Ashton Ryan

Laverne Toombs

Jamie Schlottman

Tod Smith

Ricardo Thomas

Beth Trotter

Kyle Wedberg

Jameeta Youngblood

Bruno & Tervalon, CPAs  
909 N. President St  
Jackson, MS 39202

Dear Sirs:

Please find Management Response's to your findings of below.

Urban League of Greater New Orleans  
Statewide Agreed-Upon Procedures Management's Response  
6/30/2017

#### **Written Policies and Procedures**

1. We obtained the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:

- *We noted no policy and procedures for a vendor list was provided.*

#### **Management's Response**

The Urban League of Greater New Orleans, through our Women's Business Resource Center, checks to ensure that vendors utilized by the League are not on the federal suspension and debarment list. We ensure that the League's policies reflect this and maintain a list of approved vendors.

- *We noted that the policy and procedures lacked a monitoring process of contracts.*

#### **Management's Response**

The League's grants/contracts accountant monitors its contracts for compliance with grant and contract requirements through the monthly reporting process and participating in programmatic audits of the grants and contracts by funding agencies. We will update the policies to reflect the monitoring process.

- *We noted no policy and procedures in place for contracts to be review by legal representation.*

#### **Management's Response**

The League does not have a Legal Department; however, all contracts are reviewed by the President and CEO who holds a law degree. Additionally, Contracts are sometimes reviewed by board members who work for law firms, or legal representation is retained on a case-by-case basis. The League will update its policies to reflect this process.



Chairman of the Board  
Chris D'Amour

Vice Chairman  
Jade Brown-Russell

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Beth Trotter

Kyle Wedberg

Jameeta Youngblood

- *We noted no policy and procedures in place for the monitoring system for credit card usage.*

#### Management's Response

The League does have a credit card policy and requires pre-approval for all credit card usage that includes reason for request and supervisor signature. Credit Card statements are reviewed in accounting and are recorded accordingly. During this reconciliation process, all purchases are reviewed and all backup documentation for every purchase is placed with the credit statement for proof of purchase, approval and receipt. The League will update its policies accordingly to reflect this monitoring system.

#### **Disbursements**

2. We obtained the entity's disbursements for the fiscal period and randomly selected 25 disbursements and tested for the following items:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

- *We noted one (1) of twenty-five (25) purchases were not initiated using the purchase order system.*

#### Management's Response

Management will ensure that all purchases are initiated using a requisition or check request prior to processing any orders.

- b. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent' and (3) an approved invoice.

- *We noted one (1) of twenty-five (25) purchases were processed without approval.*

#### Management's Response

Management will ensure that all purchases are approved prior to processing the request.

#### **Travel and Expense Reimbursement**

3. We obtained a listing of all travel and related expense reimbursements by person and randomly selected 3 persons who incurred the most travel costs during the fiscal period.

- a. Reimbursement is supported by documentation.

- *We noted two (2) of three (3) lacked documentation to support expense reimbursement.*



Urban League of  
Louisiana

*Empowering Communities.  
Changing Lives.*

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Chris D'Amour

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Management's Response

Management currently requires documentation for all expense reimbursements. The two reimbursement exceptions are for staff that utilized odometer readings as mileage reimbursement, which management considered sufficient as back up for the mileage reimbursement. Management will begin to require staff to keep mileage logs to confirm distance traveled.

**Other**

4. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

- *We noted the notice of misappropriation, fraud, waste, or abuse of public funds is not listed on the client's website.*

Management's Response

Management will post the required notice of misappropriation, fraud, waste or abuse of public funds on the website or physical premises.

Please let me know if you have any questions regarding the Management Responses above. I can be reached via email at [emcconduit@urbanleaguela.org](mailto:emcconduit@urbanleaguela.org) or 504-620-2332.

Warm regards,

Erika McConduit  
President & CEO  
Urban League of Louisiana