
**THE URBAN LEAGUE OF
METROPOLITAN ST. LOUIS, INC.**
*FINANCIAL STATEMENTS
DECEMBER 31, 2018*



**Urban League
of Metropolitan St. Louis, Inc.**

Empowering Communities. Changing Lives.

Contents

	Page
Independent Auditors' Report	1 - 2
 Financial Statements	
Statement Of Financial Position.....	3
Statements Of Activities	4 - 5
Statements Of Functional Expenses.....	6 - 7
Statement Of Cash Flows.....	8
Notes To Financial Statements.....	9 - 30
 Supplementary Information	
Independent Auditors' Report On Supplementary Information	31

Contents

	Page
Combining Statement Of Activities.....	32 - 36
Weatherization Program Schedule Of Revenue And Expenditures	37
Weatherization Program Fund Balance Reconciliation	38
Schedule Of Expenditures Of Federal Awards.....	39 - 41
Notes To Schedule Of Expenditures Of Federal Awards	42
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 <i>Government Auditing Standards</i>	43 - 44
Independent Auditors' Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance.....	45 - 47
Schedule Of Findings And Questioned Costs	48 - 49
Summary Schedule Of Prior Audit Findings.....	50



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Independent Auditors' Report

Audit Committee
The Urban League of Metropolitan St. Louis, Inc.
St. Louis, Missouri

Report On Financial Statements

We have audited the accompanying financial statements of The Urban League of Metropolitan St. Louis, Inc., which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Urban League of Metropolitan St. Louis, Inc. as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matter – Change In Accounting Principle

As disclosed in Note 1 to the financial statements, the 2017 financial statements have been restated to reflect net assets with donor restrictions and net assets without donor restrictions in accordance with recently issued accounting guidance for not-for-profit entities. Our opinion is not modified with respect to that matter.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of The Urban League of Metropolitan St. Louis, Inc. as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 July 12, 2019 on our consideration of The Urban League of Metropolitan St. Louis, Inc.'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 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 Urban League of Metropolitan St. Louis, Inc.'s internal control over financial reporting and compliance.

RubinBrown LLP

July 12, 2019

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

	December 31,	
	2018	2017 (As Restated - Note 1)
Assets		
Cash and cash equivalents	\$ 3,186,839	\$ 2,931,957
Accounts receivable, net of allowance for doubtful accounts of \$13,047 and \$25,883, respectively	2,964,459	2,250,178
Pledges receivable, net	3,690,002	2,655,110
Prepaid expenses and other current assets	395,081	517,894
Investments	5,257,612	4,956,725
Intangibles	94,231	117,308
Property and equipment, net	6,504,805	6,701,276
Total Assets	\$ 22,093,029	\$ 20,130,448
Liabilities		
Accounts payable and accrued expenses	\$ 827,820	\$ 979,672
Current maturities of notes payable	141,236	19,493
Accrued payroll and related taxes	388,491	343,928
Accrued pension liability	886,269	538,454
Deferred revenue	621,515	557,046
Long-term notes payable	5,796,720	6,269,426
Less: unamortized debt issuance costs	404,987	415,762
Total Long-Term Notes Payable	5,391,733	5,853,664
Total Liabilities	8,257,064	8,292,257
Net Assets		
Without Donor Restrictions		
Designated by the Board for endowment	1,423,553	1,505,168
Undesignated	2,700,803	3,768,196
Total Without Donor Restrictions	4,124,356	5,273,364
With Donor Restrictions		
Perpetual in nature	2,648,667	705,146
Purpose restricted	6,142,709	4,365,000
Time-restricted for future periods	920,233	1,494,681
Total With Donor Restrictions	9,711,609	6,564,827
Total Net Assets	13,835,965	11,838,191
Total Liabilities And Net Assets	\$ 22,093,029	\$ 20,130,448

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2018

	Operational	Ferguson Empowerment Center	Total Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenue					
Public Support:					
Contributions and special purpose revenue	\$ 2,734,282	\$ —	\$ 2,734,282	\$ 4,851,592	\$ 7,585,874
United Way of Greater St. Louis	—	—	—	920,860	920,860
Unassociated fund raising	4,300	—	4,300	256,985	261,285
Special events income - net of expenses	(211,018)	—	(211,018)	750,000	538,982
Membership dues	136,938	—	136,938	—	136,938
Net assets released from restrictions	3,649,658	—	3,649,658	(3,649,658)	—
Total Public Support	6,314,160	—	6,314,160	3,129,779	9,443,939
Grants from Governmental Agencies	15,055,324	—	15,055,324	—	15,055,324
Other Revenue (Loss)					
Investment loss	(43,309)	—	(43,309)	(55,621)	(98,930)
Miscellaneous	154,068	169,675	323,743	72,624	396,367
Total Other Revenue (Loss)	110,759	169,675	280,434	17,003	297,437
Total Support And Revenue	21,480,243	169,675	21,649,918	3,146,782	24,796,700
Expenses					
Program Services:					
Economic opportunity	3,528,694	147,238	3,675,932	—	3,675,932
Community empowerment	5,461,707	—	5,461,707	—	5,461,707
Educational excellence	9,836,232	—	9,836,232	—	9,836,232
Total Program Services	18,826,633	147,238	18,973,871	—	18,973,871
Supporting Services:					
Management and general	1,803,004	—	1,803,004	—	1,803,004
Fundraising and communications	1,383,100	—	1,383,100	—	1,383,100
Total Supporting Services	3,186,104	—	3,186,104	—	3,186,104
Total Expenses	22,012,737	147,238	22,159,975	—	22,159,975
Change In Net Assets From Operating Activities	(532,494)	22,437	(510,057)	3,146,782	2,636,725
Pension-Related Costs Other Than Net Periodic Pension Costs	(638,951)	—	(638,951)	—	(638,951)
Change In Net Assets	(1,171,445)	22,437	(1,149,008)	3,146,782	1,997,774
Net Assets - Beginning Of Year	5,438,897	(165,533)	5,273,364	6,564,827	11,838,191
Net Assets - End Of Year	\$ 4,267,452	\$ (143,096)	\$ 4,124,356	\$ 9,711,609	\$ 13,835,965

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2017 (As Restated - Note 1)

	Operational	Ferguson Empowerment Center	Total Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenue					
Public Support:					
Contributions and special purpose revenue	\$ 2,255,186	\$ —	\$ 2,255,186	\$ 2,084,045	\$ 4,339,231
United Way of Greater St. Louis	—	—	—	944,681	944,681
Unassociated fund raising	12,964	—	12,964	5,000	17,964
Special events income - net of expenses	(183,157)	—	(183,157)	550,000	366,843
Membership dues	126,960	—	126,960	—	126,960
Net assets released from restrictions	4,193,898	—	4,193,898	(4,193,898)	—
Total Public Support	6,405,851	—	6,405,851	(610,172)	5,795,679
Grants from Governmental Agencies	13,462,931	—	13,462,931	—	13,462,931
Other Revenue					
Investment income	201,635	—	201,635	79,289	280,924
Miscellaneous	292,485	69,750	362,235	113,036	475,271
Total Other Revenue And Gain (Loss)	494,120	69,750	563,870	192,325	756,195
Total Support And Revenue	20,362,902	69,750	20,432,652	(417,847)	20,014,805
Expenses					
Program Services:					
Economic opportunity	3,427,141	103,425	3,530,566	—	3,530,566
Community empowerment	4,409,157	—	4,409,157	—	4,409,157
Educational excellence	9,209,873	—	9,209,873	—	9,209,873
Total Program Services	17,046,171	103,425	17,149,596	—	17,149,596
Supporting Services:					
Management and general	724,310	—	724,310	—	724,310
Fundraising and communications	939,725	—	939,725	—	939,725
Total Supporting Services	1,664,035	—	1,664,035	—	1,664,035
Total Expenses	18,710,206	103,425	18,813,631	—	18,813,631
Change In Net Assets From Operating Activities	1,652,696	(33,675)	1,619,021	(417,847)	1,201,174
Reclassification Of Endowment Balances	51,821	—	51,821	(51,821)	—
Pension-Related Benefits Other Than Net Periodic Pension Costs	(562,785)	—	(562,785)	—	(562,785)
Change In Net Assets	1,141,732	(33,675)	1,108,057	(469,668)	638,389
Net Assets - Beginning Of Year	4,297,165	(131,858)	4,165,307	7,034,495	11,199,802
Net Assets - End Of Year	\$ 5,438,897	\$ (165,533)	\$ 5,273,364	\$ 6,564,827	\$ 11,838,191

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2018

	Program Services				Supporting Services		
	Economic Opportunity	Community Empowerment	Educational Excellence	Total	Management And General	Fundraising And Communications	Total
Expenses							
Salaries	\$ 1,524,036	\$ 626,380	\$ 3,871,797	\$ 6,022,213	\$ 1,588,454	\$ 463,767	\$ 8,074,434
Employee health and retirement benefits	186,227	83,194	620,747	890,168	248,630	56,446	1,195,244
Payroll taxes	144,002	55,422	531,827	731,251	141,468	29,754	902,473
Assistance to individuals	700,737	4,167,098	475,646	5,343,481	38,428	—	5,381,909
Occupancy	95,748	237,304	1,276,488	1,609,540	89,261	148,371	1,847,172
Supplies	129,132	18,636	202,617	350,385	87,425	99,363	537,173
Professional fees	117,587	20,123	1,210,571	1,348,281	86,009	195,904	1,630,194
Local transportation	30,995	22,420	13,946	67,361	20,735	727	88,823
Telephone	38,806	37,834	74,923	151,563	25,958	3,959	181,480
Awards and grants	6,000	—	14,000	20,000	2,281	25,040	47,321
Conferences/meetings	37,236	7,848	90,983	136,067	107,739	60,255	304,061
Travel	8,383	2,267	30,030	40,680	64,144	500	105,324
Rental and equipment maintenance	9,838	22,007	39,165	71,010	86,955	16,623	174,588
Printing and publications	46,355	19,314	52,790	118,459	37,454	170,638	326,551
Insurance	39,692	13,630	96,464	149,786	20,391	6,582	176,759
Postage and shipping	3,809	3,299	298	7,406	6,402	1,957	15,765
Interest expense	32,008	1,430	—	33,438	1,120	69,737	104,295
Bad debt expense	—	—	—	—	189,998	—	189,998
Miscellaneous	79,249	4,797	4,158	88,204	54,757	33,477	176,438
Membership dues	1,100	327	2,090	3,517	28,349	—	31,866
Dues to national organizations	—	—	—	—	15,000	—	15,000
Total	3,230,940	5,343,330	8,608,540	17,182,810	2,940,958	1,383,100	21,506,868
Allocation of depreciation and amortization	290,921	43,891	247,576	582,388	70,719	—	653,107
Allocation of administrative costs	154,071	74,486	980,116	1,208,673	(1,208,673)	—	—
Total Expenses	\$ 3,675,932	\$ 5,461,707	\$ 9,836,232	\$ 18,973,871	\$ 1,803,004	\$ 1,383,100	\$ 22,159,975

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2017 (As Restated - Note 1)

	Program Services				Supporting Services		
	Economic Opportunity	Community Empowerment	Educational Excellence	Total	Management And General	Fundraising And Communications	Total
Expenses							
Salaries	\$ 1,342,912	\$ 677,375	\$ 3,748,355	\$ 5,768,642	\$ 1,254,820	\$ 544,668	\$ 7,568,130
Employee health and retirement benefits	231,843	139,614	734,435	1,105,892	46,832	78,430	1,231,154
Payroll taxes	149,093	57,957	385,393	592,443	128,863	38,326	759,632
Assistance to individuals	1,059,343	2,884,433	411,197	4,354,973	43,785	—	4,398,758
Occupancy	50,343	242,396	1,170,268	1,463,007	84,784	1,072	1,548,863
Supplies	180,112	26,700	246,578	453,390	73,040	21,155	547,585
Professional fees	14,241	21,757	1,063,723	1,099,721	10,840	7,144	1,117,705
Local transportation	10,215	5,014	—	15,229	17,360	3	32,592
Equipment purchases	—	—	22,199	22,199	—	—	22,199
Telephone	13,727	40,866	66,097	120,690	22,639	4,168	147,497
Awards and grants	—	—	48,135	48,135	500	—	48,635
Conferences/meetings	16,627	14,704	40,143	71,474	95,024	19,729	186,227
Travel	17,625	15,101	4,695	37,421	52,594	643	90,658
Rental and equipment maintenance	794	26,810	14,252	41,856	37,802	2,309	81,967
Printing and publications	53,515	31,660	58,285	143,460	36,354	212,716	392,530
Insurance	37,432	11,292	89,116	137,840	30,903	5,936	174,679
Postage and shipping	2,146	3,848	364	6,358	5,624	3,421	15,403
Interest expense	78,226	2,175	—	80,401	—	—	80,401
Bad debt recovery	—	—	—	—	(30,717)	—	(30,717)
Miscellaneous	—	3,036	—	3,036	—	—	3,036
Membership dues	200	250	4,059	4,509	9,677	5	14,191
Dues to national organizations	—	—	—	—	15,350	—	15,350
Total	3,258,394	4,204,988	8,107,294	15,570,676	1,936,074	939,725	18,446,475
Allocation of depreciation and amortization	63,369	39,453	244,608	347,430	19,726	—	367,156
Allocation of administrative costs	208,803	164,716	857,971	1,231,490	(1,231,490)	—	—
Total Expenses	\$ 3,530,566	\$ 4,409,157	\$ 9,209,873	\$ 17,149,596	\$ 724,310	\$ 939,725	\$ 18,813,631

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years	
	Ended December 31,	
	2018	2017
Cash Flows From Operating Activities		
Increase in net assets	\$ 1,997,774	\$ 638,389
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	676,184	367,156
Amortization of debt issuance costs reported as interest expense	10,775	10,776
Contributions restricted for endowment	(1,999,142)	—
Net gains on long-term investments	(167,374)	(220,477)
Donation of equity securities	(488,142)	(11,723)
Changes in assets and liabilities:		
Accounts receivable	(714,281)	291,909
Pledges receivable	(634,892)	(73,629)
Prepaid expenses	122,813	(77,568)
Deferred pension asset	—	157,602
Accounts payable and accrued expenses	(203,287)	(186,991)
Accrued payroll and related taxes	44,563	(9,503)
Accrued pension liability	347,815	538,454
Deferred revenue	64,469	388,966
Net Cash Provided By (Used In) Operating Activities	(942,725)	1,813,361
Cash Flows From Investing Activities		
Purchase of property and equipment	(405,201)	(3,667,796)
Purchases of investments	(1,506,999)	(477,597)
Proceeds from sale or maturity of investments	1,861,628	386,825
Net Cash Used In Investing Activities	(50,572)	(3,758,568)
Cash Flows From Financing Activities		
Payments on notes payable	(350,963)	(279,717)
Contributions restricted for endowment	1,599,142	—
Net Cash Provided By (Used In) Financing Activities	1,248,179	(279,717)
Net Increase (Decrease) In Cash And Cash Equivalents	254,882	(2,224,924)
Cash And Cash Equivalents - Beginning Of Year	2,931,957	5,156,881
Cash And Cash Equivalents - End Of Year	\$ 3,186,839	\$ 2,931,957
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ 68,959	\$ 65,437
Purchase of property and equipment included within accounts payable	51,435	—

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 And 2017

1. Summary Of Significant Accounting Policies

General

The Urban League of Metropolitan St. Louis, Inc. (the League) is a charitable, community services agency. It conducts programs and provides services to the community in education, basic needs, economic empowerment, and civil rights and advocacy. The League's mission is to assist African Americans and others throughout the St. Louis metropolitan area in the achievement of social and economic equality. The League implements its mission through advocacy, coalition building, program services and by promoting communication and understanding between the races.

The League's primary source of revenue is federal and state government grants. The League also receives contributions from the United Way and other charitable organizations and earns revenue from program fees.

The accompanying financial statements include all programs operated by the League. The financial statements are prepared on the accrual basis of accounting.

Use Of Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) of the United States of America requires that management make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for uncollectible receivables and pledges and pension plan assumptions.

Recently Adopted Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard is effective for annual financial statements issued for fiscal periods beginning after December 15, 2017.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

The ASU appends the current reporting model for not-for profit organizations and enhances their required disclosures. The primary changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed-in-service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all not-for-profits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocations methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of not-for-profit financial statements.

Accordingly, a reclassification of net assets has been made to conform beginning net asset balances to the current presentation.

ASU 2016-14 also eliminated the previous option to release net assets with donor restrictions utilized for long-lived assets over the life of the asset. As such, it was determined that certain net assets with donor restrictions that were donor restricted for the Ferguson Empowerment Center project were not released in the prior year using the placed in service method in accordance with this new accounting guidance. At December 31, 2017, net assets without donor restrictions were understated and net assets with donor restrictions were overstated by \$1,028,279. This restatement increased net assets without donor restrictions and decreased net assets with donor restrictions by \$1,028,279 at December 31, 2017. This restatement had no effect on net assets at January 1, 2017 and no effect on the total change in net assets in 2017.

Basis Of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations, which require the League to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the League. These net assets may be used at the discretion of management and the Board of Directors.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Donor restricted net assets are further categorized as time or purpose restricted or perpetual in nature. Restricted net assets that are perpetual in nature require the League to maintain such assets permanently while permitting the League to expend the income, dividends, and interest in accordance with the provisions of the donor-imposed stipulations.

Contributions

Unconditional contributions are recognized when promised or received. All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as the contribution is received are initially reported as net assets with donor restrictions and are subsequently released to net assets without donor restrictions in the same year. Gifts of long-lived assets received without stipulation are recorded as net assets without donor restrictions. The League has also adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

Grants From Governmental Agencies

Revenue from governmental grants and certain other contractual contributions is recognized when allowable expenditures are made by the League. Grants received for specific purposes but not yet expended are recorded as deferred revenue.

Cash And Cash Equivalents

Cash equivalents are stated at cost, which approximates market value. The League considers all highly liquid debt instruments with a maturity of three months or less at date of purchase to be cash equivalents. At December 31, 2018, approximately \$2,472,000 in bank deposits exceeded amounts insured by the Federal Deposit Insurance Corporation (FDIC).

Pledges Receivable

Pledges receivable are recognized as revenue when they are unconditionally promised. Pledges with a term greater than one year are discounted using a rate of 3.00 to 3.75%.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investments received as gifts are recorded at estimated fair value at the date of donation. Dividend and interest income are accrued when earned.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Investment In Urban League FEC Leverage Lender

The League holds a 50% interest in Urban League FEC Leverage Lender (Leverage Lender). Investment in Leverage Lender is carried at cost of \$2,616,000 adjusted for the League's share of earnings or losses subsequent to acquisition (i.e., the equity method). Losses will not be recorded if they would cause the investment balance to be negative.

The following is a summary of selected financial information for this entity:

	As Of December 31, 2018		
	Total Assets	Total Liabilities	Total Equity
Urban League FEC Leverage Lender	\$ 4,016,000	\$ —	\$ 4,016,000

	Ownership Interest	For The Year Ended December 31, 2018		
		Revenues	Net Income	Allocated Share Of Income
Urban League FEC Leverage Lender	50.00%	\$ 40,160	\$ 40,160	\$ 20,080

	As Of December 31, 2017		
	Total Assets	Total Liabilities	Total Equity
Urban League FEC Leverage Lender	\$ 4,016,000	\$ —	\$ 4,016,000

	Ownership Interest	For The Year Ended December 31, 2017		
		Revenues	Net Income	Allocated Share Of Income
Urban League FEC Leverage Lender	50.00%	\$ 40,160	\$ 40,160	\$ 20,080

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Intangibles

The League has incurred \$150,000 of fees associated with the new market tax credits. The fees are being amortized using the straight-line method over the 7-year compliance period. As of December 31, 2018 and 2017, amortization expense amounted to \$23,077. As of December 31, 2018 and 2017, accumulated amortization amounted to \$55,769 and \$32,692, respectively.

Property And Equipment

Donated property and vehicles are recorded as an addition to property and equipment at fair market value on the date of donation. Major repairs that significantly extend the life of an asset are capitalized. Purchases of property and equipment of \$5,000 or more are capitalized. Property and equipment are depreciated on a straight-line basis over the following estimated useful lives of the assets:

Buildings	40 years
Building improvements	20 years
Furniture, fixtures and equipment	3 - 10 years
Leased building improvements	Shorter of the life of lease or life of asset

The League acquires title to property and equipment purchased with federal grant funds. In certain instances, the federal government retains a reversionary interest in federally funded assets in the event of program termination. As of December 31, 2018 and 2017, the League held title to \$4,896,068 and \$4,891,528, respectively, of property and equipment purchased with federal grant funds. Accumulated depreciation on the federally funded assets amounted to \$3,392,096 and \$3,203,125 as of December 31, 2018 and 2017, respectively.

Debt Issuance Costs

Debt issuance costs totaling \$431,029 related to new market tax credit financing were capitalized and are being amortized on a straight-line basis over the term of the related tax credit compliance period. Accumulated amortization totaled \$26,042 and \$15,267, as of December 31, 2018 and 2017, respectively. Amortization expense amounted to \$10,775 during the years ended December 31, 2018 and 2017, and is included in miscellaneous expenses on the statement of functional expenses. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Indirect Costs

Certain supporting salaries, benefits, worker's compensation, rent, business office fees, legal and audit fees, photocopier usage, postage and consulting, and general utility expenses are allocated to the individual programs to the extent allowable in the grants. These indirect costs are reflected in the allocation of administrative costs in the statements of functional expenses.

Fundraising

The League employs fundraising staff who organize special events and request contributions from donors. No fundraising costs are allocated to programs. Direct costs of special events are recorded as an offset to special event income in the statements of activities and amounted to \$710,194 and \$2,142,289 at December 31, 2018 and 2017, respectively. All other fundraising costs are recorded in the statements of activities and functional expenses.

Contributed Services, Materials And Rent

The League records various types of in-kind contributions. Contributed services are recognized at fair value. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. The League received contributed services in the amount of \$428,381 and \$549,274 in 2018 and 2017, respectively. During 2018 and 2017, \$283,515 and \$298,945, respectively, in contributed services were received but were not recorded as they did not meet the criteria for recognition.

As more fully described in Note 9, the use of the facilities where the League operates were donated or discounted. Amounts have been recognized as revenues and expenses in the accompanying financial statements for the fair market value of the donated facilities.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Economic Opportunity

These programs empower individuals to reach self-sufficiency. Core programs include: employment services, HUD housing counseling, Foreclosure Prevention, Weatherization, St. Louis County Youth Services, Business Training Center classes, Bridging the Digital Divide and Financial Literacy Training.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Community Empowerment

These include impactful programs that change families' lives. Core programs include: Community Outreach, Food Pantry, LIHEAP, Dollar More, Community Clothes Closet, 100 Neediest Cases, utility assistance, and rent/mortgage assistance.

Educational Excellence

These programs empower future leaders. Core programs include: Head Start, college scholarships, GED classes, and Vaughn Cultural Center.

Management And General

Management and general includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the Organization's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of the Organization, and manage the financial and budgetary responsibilities of the Organization.

Fundraising And Communications

The fundraising and communications function provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations as well as support from local, state, and federal government agencies.

Functional Expense Allocation

Expenses directly attributable to a specific functional area of the League are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across the programs and supporting services.

See summary below for specific allocation methods used for various expenses:

Natural Category	Method
Insurance	Salary, wages, and benefits ratio, square footage and direct charge
Professional fees	Salary, wages, and benefits ratio and direct charge
Occupancy	Square footage and direct charge
Telephone	Square footage and direct charge
Depreciation	Square footage and direct charge

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Tax Status

The League is an organization described in Internal Revenue Code Section 501(c)(3) and has received an Internal Revenue Service (the IRS) determination letter stating that it is exempt from federal tax on income from its related, exempt activities. However, the League is subject to federal income tax on any unrelated business taxable income.

Subsequent Events

Management evaluates subsequent events through the date the financial statements were available for issue, which is the date of the Independent Auditors' Report.

Reclassifications

Certain 2017 balances have been reclassified, where appropriate, to conform to the presentation used in the 2018 financial statements.

2. Pledges Receivable

Pledges receivable as of December 31, 2018 and 2017 were scheduled for collection as follows:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 1,741,743	\$ 2,004,681
One-five years	2,204,905	717,077
Total pledges receivable	<u>3,946,648</u>	<u>2,721,758</u>
Discount on pledges receivable	<u>(256,646)</u>	<u>(66,648)</u>
	<u>\$ 3,690,002</u>	<u>\$ 2,655,110</u>

3. Investments

Investments consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Investment in Leverage Lender	\$ 2,616,000	\$ 2,616,000
Mutual funds	2,428,823	2,128,322
Certificates of deposit	212,789	212,403
Total	<u>\$ 5,257,612</u>	<u>\$ 4,956,725</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

The League accounts for certain investments at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.
- Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset.
- Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

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

- Level 1* Quoted prices that are readily available in active markets/exchanges for identical investments.
- Level 2* Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3* Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

The following are the major categories of assets measured at fair value on a recurring basis at December 31:

Asset Category	Fair Value Measurements At December 31, 2018			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 2,428,823	\$ 2,428,823	\$ —	\$ —
Certificates of deposit	212,789	—	212,789	—
Total	\$ 2,641,612	\$ 2,428,823	\$ 212,789	\$ —

Asset Category	Fair Value Measurements At December 31, 2017			
	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 2,128,322	\$ 2,128,322	\$ —	\$ —
Certificates of deposit	212,403	—	212,403	—
Total	\$ 2,340,725	\$ 2,128,322	\$ 212,403	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

At December 31, 2018 and 2017, the Level 2 assets utilize the following valuation techniques and inputs:

Certificates of Deposit: Certificates of deposit are using observable inputs, including security cost, maturity, and relevant short-term interest rates.

During 2018 and 2017, there were no changes in the methods and/or assumptions utilized to derive the fair value of the League's assets.

Components of investment income (loss) include:

	<u>2018</u>	<u>2017</u>
Interest income	\$ 68,444	\$ 60,447
Unrealized gain (loss) on investments	(77,336)	169,715
Realized gain (loss) on investments	(90,038)	50,762
Investment income (loss)	<u>\$ (98,930)</u>	<u>\$ 280,924</u>

4. Property And Equipment

Property and equipment consisted of the following at December 31:

	<u>2018</u>	<u>2017</u>
Land	\$ 559,182	\$ 559,182
Buildings and improvements	10,315,604	9,858,967
Furniture, fixtures and equipment	1,575,395	1,575,395
	<u>12,450,181</u>	<u>11,993,544</u>
Less: Accumulated depreciation	5,945,376	5,292,268
	<u>\$ 6,504,805</u>	<u>\$ 6,701,276</u>

Depreciation and amortization expense amounted to \$653,107 in 2018 and \$367,156 in 2017.

5. Net Assets

The League's endowment consists of three individual funds established for scholarship recipients and operational use. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. The Board endowment is designated for general operations. As required by GAAP, net assets with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Interpretation Of Relevant Law

The Board of Directors of the League has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the League classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent explicit donor stipulations to the contrary, the remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as purpose restricted until those amounts are appropriated for expenditure by the League in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the League considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the League and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the League; and
- (7) The investment policies of the League.

Endowment Asset Composition As Of December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 649,525	\$ 649,525
Board-designated quasi-endowment fund	1,423,553	—	1,423,553
	<u>\$ 1,423,553</u>	<u>\$ 649,525</u>	<u>\$ 2,073,078</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.Notes To Financial Statements (*Continued*)**Endowment Asset Composition As Of December 31, 2017:**

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 705,146	\$ 705,146
Board-designated quasi-endowment fund	1,505,168	—	1,505,168
	<u>\$ 1,505,168</u>	<u>\$ 705,146</u>	<u>\$ 2,210,314</u>

**Changes In Endowment Assets For The Fiscal Years Ended December 31,
2018 And 2017:**

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Assets - January 1, 2017	<u>\$ 1,335,922</u>	<u>\$ 677,678</u>	<u>\$ 2,013,600</u>
Investment Return			
Investment income	19,079	8,935	28,014
Net realized and unrealized gains	150,167	70,354	220,521
Total Investment Return	<u>169,246</u>	<u>79,289</u>	<u>248,535</u>
Reclassification Of Endowment Balances	<u>—</u>	<u>(51,821)</u>	<u>(51,821)</u>
Endowment Assets - December 31, 2017	<u>1,505,168</u>	<u>705,146</u>	<u>2,210,314</u>
Investment Return			
Investment income (loss)	25,905	(55,621)	(29,716)
Net realized and unrealized losses	(107,520)	—	(107,520)
Total Investment Return	<u>(81,615)</u>	<u>(55,621)</u>	<u>(137,236)</u>
Contributions	<u>—</u>	<u>1,599,142</u>	<u>1,599,142</u>
Endowment Assets - December 31, 2018	<u>\$ 1,423,553</u>	<u>\$ 2,248,667</u>	<u>\$ 3,672,220</u>

Funds With Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the League to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2018 or 2017.

Return Objectives And Risk Parameters

The League has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the League must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index and Bond index based on asset allocation while assuming a low to moderate level of investment risk. The League expects its endowment funds, over time, to provide a positive rate of return. Actual returns in any given year may vary from this expectation.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the League relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The League targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The League has a policy of appropriating for distribution each year up to the total return from funds with donor restrictions invested in perpetuity. The amount of the appropriation is at the discretion of the Board of Directors. Total return is defined as interest, dividends, and realized and unrealized gains and losses, net of fees. In establishing this policy, the League considered the long-term expected return on its endowment. Accordingly, over the long term, the League expects the current spending policy to allow its endowment to grow on an annual basis. This is consistent with the League's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return. The League has a policy that permits prudent spending from underwater endowments, unless otherwise precluded by donor intent or relevant laws and regulations.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Net assets with donor restrictions at December 31 consist of the following:

	2018	2017
Purpose Restricted		
North County facility (related party)	\$ 224,905	\$ 312,077
Economic opportunity	2,632,351	1,560,341
Education excellence	125,666	165,950
Community empowerment	177,529	157,768
Youth development	229,022	229,022
IT infrastructure	577,540	755,615
Ferguson Community Empowerment Center	723,516	831,272
Miscellaneous	1,452,180	352,955
	<u>6,142,709</u>	<u>4,365,000</u>
Time-restricted for future periods	920,233	1,494,681
Perpetual in nature	2,648,667	705,146
	<u>\$ 9,711,609</u>	<u>\$ 6,564,827</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by donors. The net assets released from restrictions were as follows:

	2018	2017
Purpose Restricted		
North County facility (related party)	\$ 87,172	\$ 87,172
Economic opportunity	1,134,394	673,404
Education excellence	74,148	46,113
Community empowerment	344,366	217,260
IT infrastructure	178,075	251,822
Ferguson Community Empowerment Center	2,881	1,028,279
National Urban League Conference	—	550,000
Business training center	—	75,000
Centennial campaign	115,000	—
Miscellaneous	218,941	214,483
	<u>2,154,977</u>	<u>3,143,533</u>
Time-restricted for future periods	1,494,681	1,050,365
	<u>\$ 3,649,658</u>	<u>\$ 4,193,898</u>

6. Notes Payable

During 2012, the League entered into a \$144,000 note payable with monthly installments of \$1,741. The note bears interest at a rate of 3.75% and matures in April 2020. The note payable is collateralized by the related real estate. As of December 31, 2018 and 2017, the balance on the note payable is \$26,956 and \$46,490, respectively.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

During July 2016, the League entered into two loans to buy into the Leverage Lender. The first was a bridge loan of \$798,721 that was repaid in August 2016. The second was a loan for \$801,500 that is to be repaid over the next three years as the League receives pledge payments and management fees associated with the Ferguson Empowerment Center (Note 11). The loan bears interest at a rate of 2.75% and matures in July 2019. The note payable is collateralized by substantially all of the League's assets. As of December 31, 2018 and 2017, the balance on the note payable was \$121,000 and \$452,500, respectively.

During July 2016, the League also entered into two QLICI construction loans to fund the Ferguson Empowerment Center project. The first loan was for \$4,016,000 and the second was for \$1,774,000. Both loans bear interest at a rate of .789%, and interest-only payments are required until the loans mature in July 2056. The loans are collateralized by the related real estate, as well as leases and rents from the property when construction is completed. The League has to maintain compliance with the new market tax credit requirements for seven years and then may exercise a put option which would result in the QLICI loans being forgiven (Note 11). Smith & Associates has guaranteed compliance over the seven year compliance period. The full balance of both loans was outstanding as of December 31, 2018 and 2017.

The scheduled maturities of long-term notes payable at December 31, 2018 are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 141,236
2020	6,720
2021	—
2022	—
2023	—
Thereafter	5,790,000
	<u>\$ 5,937,956</u>

7. Commitments And Contingencies

Operating Leases

The League leases office space and office equipment. Rent, including month-to-month leases, amounted to approximately \$399,000 in 2018 and \$365,000 in 2017.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Aggregate future minimum lease commitments at December 31, 2018 are as follows:

Year	Amount
2019	\$ 415,183
2020	367,654
2021	208,181
2022	67,019
	<hr/>
	\$ 1,058,037
	<hr/> <hr/>

Litigation

The League has been named as a party to various legal proceedings. In the opinion of management, any liability from claims or proceedings in excess of the amount covered by insurance will not have a material adverse effect on the League's financial position, results of activities, cash flows or functional expenses.

8. Pension Plans

Defined Benefit Plan

The League has a defined benefit pension plan which covers all active full-time employees. The plan provides benefits based on the participant's years of service and compensation. The League's funding policy is to contribute amounts sufficient upon an actuarially determined basis to provide the benefits under the plan in accordance with the minimum funding requirements of the Employee Retirement Income Security Act.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

A measurement date of December 31 is used for the defined benefit plan.

	2018	2017
Change in benefit obligation:		
Projected benefit obligation - beginning of year	\$ 15,982,986	\$ 13,628,786
Service cost	740,912	654,515
Interest cost	643,511	634,713
Actuarial gains/losses	(1,244,046)	1,496,300
Benefits paid	(339,515)	(431,328)
Projected benefit obligation - end of year	15,783,848	15,982,986
Change in plan assets:		
Fair value of assets - beginning of year	15,444,532	13,786,388
Actual return (loss) on assets	(925,005)	1,689,472
Employer contributions	717,567	400,000
Benefits paid	(339,515)	(431,328)
Fair value of assets - end of year	14,897,579	15,444,532
Funded status - end of year	\$ (886,269)	\$ (538,454)
Items not yet recognized as a component of net periodic pension cost - unrecognized loss	\$ 3,965,779	\$ 3,557,166
The components of net periodic benefit cost were as follows:		
Service cost	\$ 740,912	\$ 654,515
Interest cost	643,511	634,713
Expected return on plan assets	(985,653)	(947,841)
Amortization of net gain	257,999	191,884
	\$ 656,769	\$ 533,271

Employer contributions and benefits paid for the years ended December 31:

	2018	2017
Employer contributions	\$ 717,567	\$ 400,000
Benefits paid	339,515	431,328
Weighted average assumption		
Discount rate	4.05%	4.75%
Expected return on plan assets	6.5%	6.5%
Rate of compensation increase	3.0%	3.0%

Plan Assets

The plans' investment strategy is to minimize investment risk while generating acceptable returns.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

The fair value of the League's pension plan assets at December 31, 2018 and 2017 by asset category are as follows:

Asset Category	Total	Fair Value Measurements At December 31, 2018		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money markets	\$ 772,635	\$ 772,635	\$ —	\$ —
Equity securities:				
U.S. companies	2,436,155	2,436,155	—	—
Mutual funds	8,668,035	8,668,035	—	—
Corporate bonds	3,020,754	—	3,020,754	—
Total	\$ 14,897,579	\$ 11,876,825	\$ 3,020,754	\$ —

Asset Category	Total	Fair Value Measurements At December 31, 2017		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money markets	\$ 521,948	\$ 521,948	\$ —	\$ —
Equity securities:				
U.S. companies	2,793,925	2,793,925	—	—
Mutual funds	9,463,928	9,463,928	—	—
Corporate bonds	2,664,731	—	2,664,731	—
Total	\$ 15,444,532	\$ 12,779,801	\$ 2,664,731	\$ —

The League's target allocation by asset class versus the actual allocation as of December 31, 2018 and 2017 are as follows:

	Plan Assets		Target Allocation	Actual Allocation	
	2018	2017		2018	2017
Equity securities	\$ 11,104,190	\$ 12,257,853	30 - 70%	75%	79%
Debt securities	3,020,754	2,664,731	30 - 70%	20%	17%
Other	772,635	521,948	2 - 6%	5%	4%
	\$ 14,897,579	\$ 15,444,532		100%	100%

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

The League seeks to manage plan assets in a prudent, conservative yet productive manner seeking to increase the value of plan assets, while recognizing the need to preserve asset value in order to enhance the ability of the plan to meet its obligations to plan participants and their beneficiaries when due. The long-term rate assumption of 6.5% is based upon the “building block” approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27, *Selection Economic Assumptions for Measuring Pension Obligations*.

Information about the expected cash flows for the defined benefit pension plan is as follows:

Employer contributions 2019 (minimum)	\$ 400,000
Expected amortization of net loss	298,424
Expected benefit payments:	
2019	360,000
2020	410,000
2021	600,000
2022	520,000
2023	690,000
2024-2028	<u>4,150,000</u>
	<u>\$ 6,730,000</u>

9. Below-Market Leases

The League rents three buildings at below market rates to operate Head Start and other facilities. Contribution revenue and additional occupancy expense is recorded for the difference between the market rate and the reduced rate paid by the League. Three of four leases are for Head Start facilities and contain a clause that allows the League to terminate the lease after 30-day’s notice of the Head Start contract termination. Due to the conditional nature of this in-kind rent the future pledged rent reduction for these three leases has not been recorded in the financial statements.

Two of the leases are with two members of the Board of Directors, one of which includes the lease of the League’s North County Administrative Office, as well as a Head Start facility. The North County Administrative Office portion of the lease is non-cancelable. The fair market value of the contributed rent is recorded as a pledge receivable and contributions with donor restrictions. At December 31, 2018 and 2017, the discounted pledge totaled \$213,336 and \$291,756, respectively.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

The additional contributions and occupancy expense recorded in the financial statements are as follows:

Facility	Lease Expiration Date	Term Of Lease	Additional Contributions And Occupancy Expense For The Years Ended December 31,	
			2018	2017
Jennings Station (related party)	July 2021	5 years	\$ 235,448	\$ 235,448
Mt. Zion (related party)	May 2021	5 years	7,918	7,918
911 N. Spring	May 2021	5 years	273,125	273,125
			<u>\$ 516,491</u>	<u>\$ 516,491</u>

10. Related-Party Transactions

The League has an affiliate relationship with its charter organization, the National Urban League. During the years ended December 31, 2018 and 2017, the League received grants as a result of its affiliate relationship.

The federally funded grant for the Foreclosure Mitigation Program, passed through the National Urban League, totaled \$46,535 in 2017. This amount is included in the combining statements of activities and changes in net assets as contractual grants from governmental agencies without donor restrictions for the year ended December 31, 2017. No federal funds for the Foreclosure Mitigation Program were received during the year ended December 31, 2018.

The League incurred \$15,000 and \$15,350 in 2018 and 2017, respectively, to the National Urban League which is included as operational supporting services - management and general in the statement of activities.

Members of the Board of Directors of the League and employers of the Board of Directors of the League made contributions of approximately \$150,000 and \$5,565,000, respectively, for the year ended December 31, 2018. These contributions are included in the statement of activities for the year ended December 31, 2018 as contributions and special-purpose revenue.

Members of the Board of Directors of the League and employers of the Board of Directors of the League made contributions of approximately \$120,000 and \$3,393,000, respectively, for the year ended December 31, 2017. These contributions are included in the statement of activities for the year ended December 31, 2017 as contributions and special-purpose revenue.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

11. Ferguson Empowerment Center

The League, along with The Salvation Army, US Bancorp Community Development Corporation and others closed on the Ferguson Empowerment Center project (the Project) on July 28, 2016. The Project benefited from debt that the League entered into (Note 6), as well as from new market tax credits (NMTC). In order to facilitate the transfer and holding of the funds for the construction of the building, the Leverage Lender was formed in July 2016 (Note 1). The transaction also included a Put and Call Agreement between the Leverage Lender and U.S. Bancorp Community Development Corporation (USBCDC), which includes both a “put” and a “call” option. These options are expected to be exercised and will ultimately result in the Leverage Lender owning USBCDC’s interest in Twain Investment Fund 166, LLC, including the two QLICI loans to the League (Note 6). This ownership acquisition will allow the League to “collapse” the NMTC deal and repay all outstanding obligations with no additional capital outlay.

12. Liquidity And Availability Of Financial Assets

The League regularly monitors the availability of resources required to meet its operating needs and other grant and contractual commitments, while also striving to maximize the investment of its available funds. The League has various sources of liquidity at its disposal, including cash and cash equivalents, fixed income and equity securities, accounts receivable and pledges receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the League considers all expenditures related to its ongoing operations in human services, administration and fundraising activities.

The League’s assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 3,186,839
Accounts receivable, net	2,964,459
Pledges receivable, net	3,690,002
Investments	5,257,612
Total financial assets	<u>15,098,912</u>
Less amounts not available to be used within one year:	
Amounts designated by the Board for endowment	1,423,553
Amounts with donor purpose and time restrictions	<u>9,711,609</u>
Total financial assets not available to be used within one year	<u>11,135,162</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,963,750</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

In addition to financial assets available to meet general expenditures over the next 12 months, the League strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover general program, administrative and fundraising expenditures not covered by governmental grants and donor-restricted resources. The League's governing Board has designated a portion of its unrestricted resources for endowment. The funds are invested for long-term appreciation and the earnings and corpus are available to be spent at the discretion of the Board. These amounts are identified as "Amounts designated by the Board for endowment" in the table above.

Some of the League's financial assets are restricted by donor restrictions. The restrictions include purpose and time restrictions. A portion of these funds are invested for long-term appreciation whereby the earnings and corpus are purpose or time restricted. These amounts are identified as "Amounts with donor purpose and time restrictions" in the table above.



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Independent Auditors' Report On Supplementary Information

Audit Committee
The Urban League of Metropolitan St. Louis, Inc.
St. Louis, Missouri

We have audited the financial statements of The Urban League of Metropolitan St. Louis, Inc. as of and for the years ended December 31, 2018 and 2017, and our report thereon dated July 12, 2019, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statement of activities, schedule of weatherization program schedule of revenue and expenditures, and weatherization program fund balance reconciliation, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

July 12, 2019

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

COMBINING STATEMENT OF ACTIVITIES

December 31, 2018

Page 1 Of 5

	Combined Total	Programs Funded From Agency Operations	Youth At Risk	Employment	Business Training Center	First Time Home Buyers	Save Our Sons	Save Our Sisters	Starbucks Project EmPower Job Readiness	Total From Following Page
Support And Revenue	\$ 24,796,700	\$ 4,631,658	\$ 69,231	\$ 155,772	\$ 61,736	\$ 7,400	\$ 1,459,488	\$ 76,293	\$ 35,588	\$ 18,299,534
Expenses										
Salaries	8,074,434	1,882,920	54,364	120,694	45,010	5,520	271,065	31,759	27,255	5,635,847
Employee health and retirement benefits	1,195,244	272,238	1,208	20,881	10,473	1,055	37,968	10,287	2,788	838,346
Payroll taxes	902,473	154,078	6,029	8,782	3,212	423	27,764	1,764	2,487	697,934
Assistance to individuals	5,381,909	38,427	—	100	—	—	25,802	1,835	—	5,315,745
Occupancy	1,847,172	238,618	—	—	500	—	6,046	—	—	1,602,008
Supplies	537,173	199,322	420	560	—	—	27,211	15,927	422	293,311
Professional fees	1,630,194	(923,216)	5,772	1,292	859	192	13,046	9,725	327	2,522,197
Local transportation	88,823	23,920	912	766	482	—	660	—	1,173	60,910
Telephone	181,480	30,159	276	—	15	—	2,590	459	—	147,981
Awards and grants	47,321	41,321	—	—	—	—	—	—	—	6,000
Conferences and meetings	304,061	169,862	—	10	—	—	6,723	1,478	418	125,570
Travel	105,324	66,079	—	—	—	—	—	—	—	39,245
Rental and equipment maintenance	174,588	103,578	—	—	—	—	4,711	—	—	66,299
Printing and publications	326,551	173,582	—	313	—	—	31,918	1,951	96	118,691
Insurance	176,759	27,692	250	2,374	1,185	210	3,304	319	622	140,803
Postage and shipping	15,765	8,384	—	—	—	—	40	—	—	7,341
Interest expense	104,295	1,185	—	—	—	—	300	—	—	102,810
Bad debt expense	189,998	189,998	—	—	—	—	—	—	—	—
Miscellaneous	176,438	103,547	—	—	—	—	606	789	—	71,496
Membership dues	31,866	29,447	—	—	—	—	—	—	—	2,419
Dues to national organizations	15,000	15,000	—	—	—	—	—	—	—	—
Depreciation	653,107	70,719	—	—	—	—	16	—	—	582,372
Total Expenses	22,159,975	2,916,860	69,231	155,772	61,736	7,400	459,770	76,293	35,588	18,377,325
Change In Net Assets From Operating Activities	2,636,725	1,714,798	—	—	—	—	999,718	—	—	(77,791)
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	(638,951)	(638,951)	—	—	—	—	—	—	—	—
Change In Net Assets	\$ 1,997,774	\$ 1,075,847	\$ —	\$ —	\$ —	\$ —	\$ 999,718	\$ —	\$ —	\$ (77,791)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

COMBINING STATEMENT OF ACTIVITIES

December 31, 2018

Page 2 Of 5

	Total To Preceding Page	Ferguson Empowerment Center	Ferguson Community Empowerment Center	WIOA Summer	WIOA Youth Program	Transition For Change Employment	Health Care Van	Bank Of America	HUD	Weatherization	Total From Following Page
Support And Revenue	\$ 18,299,534	\$ 217,605	\$ 584,344	\$ 168,723	\$ 266,874	\$ 87,017	\$ 6,850	\$ 13,759	\$ 21,521	\$ 330,568	\$ 16,602,273
Expenses											
Salaries	5,635,847	64,217	—	140,178	202,022	47,223	823	10,450	14,506	106,400	5,050,028
Employee health and retirement benefits	838,346	5,907	—	5,462	16,144	4,243	239	2,217	2,991	7,261	793,882
Payroll taxes	697,934	5,261	—	14,457	17,277	3,508	56	661	1,336	22,633	632,745
Assistance to individuals	5,315,745	—	—	—	355	1,231	80	—	—	139,087	5,174,992
Occupancy	1,602,008	80,784	(20,430)	—	3,368	12,646	—	—	—	2,132	1,523,508
Supplies	293,311	743	13,202	—	1,555	5,026	—	—	—	11,988	260,797
Professional fees	2,522,197	69,831	7,083	8,616	17,418	10,668	1,747	179	2,688	—	2,403,967
Local transportation	60,910	10	374	—	4,500	201	176	—	—	8,536	47,113
Telephone	147,981	26,186	—	—	—	891	—	—	—	2,032	118,872
Awards and grants	6,000	—	—	—	—	—	—	—	—	—	6,000
Conferences and meetings	125,570	—	10,277	—	1,683	55	—	—	—	12,230	101,325
Travel	39,245	—	—	—	—	—	—	—	—	6,950	32,295
Rental and equipment maintenance	66,299	2,440	1,876	—	73	—	—	—	—	—	61,910
Printing and publications	118,691	3,652	4,332	—	308	1,325	—	—	—	5,181	103,893
Insurance	140,803	2,950	—	—	1,862	—	3,729	252	—	5,863	126,147
Postage and shipping	7,341	15	3,108	10	309	—	—	—	—	275	3,624
Interest expense	102,810	81,643	19,737	—	—	—	—	—	—	—	1,430
Bad debt expense	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous	71,496	69,633	(13,899)	—	—	—	—	—	—	—	15,762
Membership dues	2,419	—	—	—	—	—	—	—	—	—	2,419
Dues to national organizations	—	—	—	—	—	—	—	—	—	—	—
Depreciation	582,372	290,906	—	—	—	—	—	—	—	—	291,466
Total Expenses	18,377,325	704,178	25,660	168,723	266,874	87,017	6,850	13,759	21,521	330,568	16,752,175
Change In Net Assets From Operating Activities	(77,791)	(486,573)	558,684	—	—	—	—	—	—	—	(149,902)
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—	—	—	—
Change In Net Assets	\$ (77,791)	\$ (486,573)	\$ 558,684	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (149,902)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

COMBINING STATEMENT OF ACTIVITIES

December 31, 2018

Page 3 Of 5

	Total To Preceding Page	Ameren MO Weatherization	Weatherization - LIHEAP	Spire Weatherization	CDBG Leadership Development	Great Rivers Greenway	Slate Summer	CDBG Home Repair	Total From Following Page
Support And Revenue	\$ 16,602,273	\$ 198,160	\$ 615,346	\$ 173,147	\$ 30,000	\$ 54,403	\$ 28,016	\$ 127,794	\$ 15,375,407
Expenses									
Salaries	5,050,028	66,223	151,421	55,956	17,095	43,314	15,305	39,814	4,660,900
Employee health and retirement benefits	793,882	11,637	24,781	9,308	5,000	776	1,869	7,925	732,586
Payroll taxes	632,745	4,889	11,113	4,126	1,284	3,607	1,622	3,228	602,876
Assistance to individuals	5,174,992	100,700	344,274	87,274	—	—	—	—	4,642,744
Occupancy	1,523,508	2,081	5,917	1,717	—	—	—	—	1,513,793
Supplies	260,797	3,177	13,884	4,736	—	386	3,885	23,475	211,254
Professional fees	2,403,967	2,038	41,870	3,885	4,316	6,045	3,970	53,352	2,288,491
Local transportation	47,113	2,606	4,583	2,220	—	—	1,339	—	36,365
Telephone	118,872	679	4,711	626	—	—	—	—	112,856
Awards and grants	6,000	—	—	—	—	—	—	—	6,000
Conferences and meetings	101,325	—	—	—	2,000	—	—	—	99,325
Travel	32,295	—	—	—	—	—	—	—	32,295
Rental and equipment maintenance	61,910	—	737	—	—	—	—	—	61,173
Printing and publications	103,893	—	4,010	—	—	—	—	—	99,883
Insurance	126,147	4,130	8,045	3,299	305	275	—	—	110,093
Postage and shipping	3,624	—	—	—	—	—	26	—	3,598
Interest expense	1,430	—	—	—	—	—	—	—	1,430
Bad debt expense	—	—	—	—	—	—	—	—	—
Miscellaneous	15,762	—	—	—	—	—	—	—	15,762
Membership dues	2,419	—	—	—	—	—	—	—	2,419
Dues to national organizations	—	—	—	—	—	—	—	—	—
Depreciation	291,466	—	—	—	—	—	—	—	291,466
Total Expenses	16,752,175	198,160	615,346	173,147	30,000	54,403	28,016	127,794	15,525,309
Change In Net Assets From Operating Activities	(149,902)	—	—	—	—	—	—	—	(149,902)
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—	—
Change In Net Assets	\$ (149,902)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (149,902)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

COMBINING STATEMENT OF ACTIVITIES

December 31, 2018

Page 4 Of 5

	Total To Preceding Page	Vaughn Cultural Center	Regional Arts Commission	Leslie Scholarship	Head Start	Extended Day Services	Child And Adult Care Food Program	Homeless Prevention	Community Outreach	FEMA	Total From Following Page
Support And Revenue	\$ 15,375,407	\$ 30	\$ 12,703	\$ 9,852	\$ 9,025,543	\$ 253,100	\$ 427,510	\$ 37,663	\$ 1,080,026	\$ 124,899	\$ 4,404,081
Expenses											
Salaries	4,660,900	—	—	—	3,800,319	211,729	2,350	13,572	258,999	—	373,931
Employee health and retirement benefits	732,586	—	—	—	607,785	36,495	335	1,739	32,290	—	53,942
Payroll taxes	602,876	—	—	—	517,446	27,723	203	960	21,069	—	35,475
Assistance to individuals	4,642,744	—	—	—	47,847	3,178	424,622	15,731	231,248	124,899	3,795,219
Occupancy	1,513,793	1,746	10,792	—	1,209,028	54,923	—	525	229,859	—	6,920
Supplies	211,254	229	—	—	191,737	651	—	—	9,934	—	8,703
Professional fees	2,288,491	4,670	1,160	—	2,181,222	3,635	—	3,912	7,590	—	86,302
Local transportation	36,365	—	—	—	13,946	—	—	444	19,739	—	2,236
Telephone	112,856	2,390	—	—	62,948	9,585	—	180	34,522	—	3,231
Awards and grants	6,000	—	—	6,000	—	—	—	—	—	—	—
Conferences and meetings	99,325	106	390	—	90,487	—	—	—	6,558	—	1,784
Travel	32,295	—	361	—	29,668	—	—	—	86	—	2,180
Rental and equipment maintenance	61,173	—	—	—	39,124	42	—	—	6,337	—	15,670
Printing and publications	99,883	566	—	—	75,840	399	—	—	(670)	—	23,748
Insurance	110,093	—	—	—	90,953	5,511	—	600	7,168	—	5,861
Postage and shipping	3,598	—	—	—	298	1	—	—	546	—	2,753
Interest expense	1,430	—	—	—	—	—	—	—	1,430	—	—
Bad debt expense	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous	15,762	—	—	6,808	4,092	65	—	—	2,841	—	1,956
Membership dues	2,419	—	—	—	2,090	—	—	—	252	—	77
Dues to national organizations	—	—	—	—	—	—	—	—	—	—	—
Depreciation	291,466	—	—	—	247,575	—	—	—	43,891	—	—
Total Expenses	15,525,309	9,707	12,703	12,808	9,212,405	353,937	427,510	37,663	913,689	124,899	4,419,988
Change In Net Assets From Operating Activities	(149,902)	(9,677)	—	(2,956)	(186,862)	(100,837)	—	—	166,337	—	(15,907)
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—	—	—	—
Change In Net Assets	\$ (149,902)	\$ (9,677)	\$ —	\$ (2,956)	\$ (186,862)	\$ (100,837)	\$ —	\$ —	\$ 166,337	\$ —	\$ (15,907)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

COMBINING STATEMENT OF ACTIVITIES

December 31, 2018

Page 5 Of 5

	Total To Preceding Page	Housing Counseling	Housing Advocacy	LIHEAP Heat Up St. Louis	LIHEAP	STL Alliance	Affordable Housing Shelter	Norman Cash	Project Reinvest Financial Capability	SEBTC
Support And Revenue	\$ 4,404,081	\$ 4,443	\$ 14,008	\$ 239,792	\$ 3,804,056	\$ 28,788	\$ 52,329	\$ 196,845	\$ 11,830	\$ 51,990
Expenses										
Salaries	373,931	412	9,398	—	275,036	22,535	12,352	—	18,001	36,197
Employee health and retirement benefits	53,942	78	1,760	—	34,588	4,836	2,395	—	4,334	5,951
Payroll taxes	35,475	28	590	—	26,781	1,417	709	—	1,976	3,974
Assistance to individuals	3,795,219	—	100	239,511	3,322,836	—	36,283	196,489	—	—
Occupancy	6,920	—	—	—	6,920	—	—	—	—	—
Supplies	8,703	1,159	23	—	6,422	—	—	—	—	1,099
Professional fees	86,302	128	—	281	76,767	—	575	356	3,195	5,000
Local transportation	2,236	572	1,664	—	—	—	—	—	—	—
Telephone	3,231	—	—	—	3,231	—	—	—	—	—
Awards and grants	—	—	—	—	—	—	—	—	—	—
Conferences and meetings	1,784	1,114	—	—	670	—	—	—	—	—
Travel	2,180	205	407	—	1,568	—	—	—	—	—
Rental and equipment maintenance	15,670	160	—	—	15,510	—	—	—	—	—
Printing and publications	23,748	400	—	—	23,348	—	—	—	—	—
Insurance	5,861	107	66	—	5,676	—	12	—	—	—
Postage and shipping	2,753	—	—	—	2,750	—	3	—	—	—
Interest expense	—	—	—	—	—	—	—	—	—	—
Bad debt expense	—	—	—	—	—	—	—	—	—	—
Miscellaneous	1,956	3	—	—	1,953	—	—	—	—	—
Membership dues	77	77	—	—	—	—	—	—	—	—
Dues to national organizations	—	—	—	—	—	—	—	—	—	—
Depreciation	—	—	—	—	—	—	—	—	—	—
Total Expenses	4,419,988	4,443	14,008	239,792	3,804,056	28,788	52,329	196,845	27,506	52,221
Change In Net Assets From Operating Activities	(15,907)	—	—	—	—	—	—	—	(15,676)	(231)
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—	—	—
Change In Net Assets	\$ (15,907)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (15,676)	\$ (231)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**WEATHERIZATION PROGRAM SCHEDULE OF REVENUE AND EXPENDITURES
For The Period Beginning January 1, 2017 And Ended December 31, 2018**

Program	Dept of Energy Weatherization	Dept of Energy Weatherization	Ameren MO Weatherization	Ameren MO Weatherization	LIHEAP Weatherization	LIHEAP Weatherization	Spire Weatherization	Spire Weatherization
Subgrantee Number	G-17-EE0007930-08	G-18-EE0007930-2-08	G18-14-0258-3-08	G19-14-0258-4-08	G-18-LIHEAP-18-08	G-19-LIHEAP-19-08	G18-10-0171-7-08	G19-17-0215-08
Program Year Ended	6/30/2018	6/30/2019	10/31/2018	10/31/2019	9/30/2018	9/30/2019	10/31/2018	10/31/2019
Energy Center								
Beginning Agency Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grant Income	388,387.00	199,825	260,823	1,238	695,918	103,672	218,818	1,584
Expenditures								
Administration	19,419	9,515	26,082	118	34,795	5,171	21,882	158
Insurance	1,448	480	765	—	1,950	—	538	—
Financial Audit	2,500	—	1,201	—	2,225	—	952	—
Leveraging	19,809	12,026	—	—	—	—	—	—
T&TA	11,417	9,498	—	—	—	—	—	—
Program Operations	333,794	168,306	232,775	1,120	656,948	98,501	195,446	1,426
Total Expenditures	388,387	199,825	260,823	1,238	695,918	103,672	218,818	1,584
Ending Agency Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Subgrantee								
Beginning Agency Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grant Income	388,387	199,825	260,823	1,238	695,918	103,672	218,818	1,584
Expenditures								
Administration	19,419	9,515	26,082	118	34,795	5,171	21,882	158
Insurance	1,448	480	765	—	1,950	—	538	—
Financial Audit	2,500	—	1,201	—	2,225	—	952	—
Leveraging	19,809	12,026	—	—	—	—	—	—
T&TA	11,417	9,498	—	—	—	—	—	—
Program Operations	333,794	168,306	232,775	1,120	656,948	98,501	195,446	1,426
Total Expenditures	388,387	199,825	260,823	1,238	695,918	103,672	218,818	1,584
Ending Agency Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**WEATHERIZATION PROGRAM FUND BALANCE RECONCILIATION
For The Period Beginning January 1, 2017 And Ended December 31, 2018**

Program	Dept of Energy Weatherization	Dept of Energy Weatherization	Ameren MO Weatherization	Ameren MO Weatherization	LIHEAP Weatherization	LIHEAP Weatherization	Spire Weatherization	Spire Weatherization
Subgrantee Number	G-17-EE0007930-08	G-18-EE0007930-2-08	G18-14-0258-3-08	G19-14-0258-4-08	G-18-LIHEAP-18-08	G-19-LIHEAP-19-08	G18-10-0171-7-08	G19-17-0215-08
Program Year Ended	6/30/2018	6/30/2019	10/31/2018	10/31/2019	9/30/2018	9/30/2019	10/31/2018	10/31/2019
Beginning Agency Fund Balance (Carryover)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grant Revenue Received During Program Year	388,387	199,825	260,823	1,238	695,918	103,672	218,818	1,584
Less Expenditures During Program Year	388,387	199,825	260,823	1,238	695,918	103,672	218,818	1,584
Agency Ending Fund Balance (Carryover)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ending Cash On Hand	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Ending Inventory	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Grant Number	Federal Expenditures	Expenditures To Sub-Recipients
Department of Housing and Urban Development:				
<i>CDBG-Entitlement Grants - Cluster:</i>				
Passed-through the City of St. Louis, Community Development Administration - Community Development Block Grants/Entitlement Grants	14.218	15-11-64	\$ 30,000	\$ —
Direct - Community Development Block Grants/Entitlement Grants - Home Repair	14.218	17-36-28	59,430	—
Direct - Community Development Block Grant program for Entitlement Communities	14.218	18-36-28	68,364	—
Total CFDA #14.218			157,794	—
Passed-through National Urban League - Housing Counseling Assistance Program	14.169	n/a	20,301	—
Passed-through St. Clair County, Intergovernmental Grants Department - Housing Counseling Assistance Program	14.169	1-2017	7,402	—
Total CFDA #14.169			27,703	—
Passed-through City of St. Louis-St. Louis Agency on Training and Employment (SLATE) - Jobs Plus Grant	14.895	751-16	28,016	—
Passed through St. Louis County - Homeless Prevention Program	14.231	n/a	35,403	—
Total Department of Housing and Urban Development			248,916	—
Department of Labor:				
<i>WIA/WIOA - Cluster:</i>				
Passed-through the St. Louis County Department of Human Services, Workforce Development - WIA/WIOA Youth Activities	17.259	5295	266,874	—
Total Department of Labor			\$ 266,874	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended December 31, 2018**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Grant Number	Federal Expenditures	Expenditures To Sub-Recipients
Department of Homeland Security:				
Passed-through the United Way of America:				
Emergency Food and Shelter National Board Program - St. Clair County	97.024	21-2542-00-007	\$ 30,677	\$ —
Emergency Food and Shelter National Board Program - City of St. Louis	97.024	21-5516-00-013	18,012	—
Emergency Food and Shelter National Board Program - St. Louis County	97.024	21-5476-00-007	76,211	—
Total CFDA #97.024			<u>124,900</u>	<u>—</u>
Total Department of Homeland Security			<u>124,900</u>	<u>—</u>
Department of Energy:				
Passed-through the State of Missouri Department of Natural Resources - Weatherization Assistance for Low-Income Persons				
	81.042	G-16-EE0006164-4-08	78,395	—
Passed-through the State of Missouri Department of Natural Resources - Weatherization Assistance for Low-Income Persons				
	81.042	G-17-EE0007930-08	252,173	—
Total CFDA #81.042			<u>330,568</u>	<u>—</u>
Total Department of Energy			<u>330,568</u>	<u>—</u>
Department of Agriculture:				
Passed-through the State of Missouri Department of Health and Senior Services - Child and Adult Care Food Program (CACFP)				
	10.558	ERS46-11 1171	427,511	—
<i>Child Nutrition - Cluster:</i>				
Passed-through Area Resources for Community and Human Services - Summer Food Service Program for Children				
	10.559	FY16-144	51,990	—
<i>Food Distribution - Cluster:</i>				
Passed-through The St. Louis Area Food Bank - Emergency Food Assistance Program (Food Commodities)				
	10.569	TEFAP	156,237	—
Total Department of Agriculture			<u>\$ 635,738</u>	<u>\$ —</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For The Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Identifying Grant Number	Federal Expenditures	Expenditures To Sub-Recipients
Department of Health and Human Services:				
<i>TANF - Cluster:</i>				
Passed-through St. Louis County Department of Human Services, Workforce Development - Temporary Assistance For Needy Families (TANF)	93.558	26040 (5295)	\$ 255,740	\$ —
Passed-through the State of Missouri Department of Social Services - Low-Income Home Energy Assistance (LIHEAP)	93.568	G-11BIMOLIEA	3,804,056	—
Passed-through the State of Missouri Department of Natural Resources - Low-Income Home Energy Assistance (Weatherization LIHEAP)	93.568	G-17-LIHEAP-17-08	506,542	—
Passed-through the State of Missouri Department of Natural Resources - Low-Income Home Energy Assistance (Weatherization LIHEAP)	93.568	G-18-LIHEAP-18-08	108,804	—
Total CFDA #93.568			4,419,402	—
Direct - Head Start	93.600	07CH01038301	1,291,088	—
Direct - Head Start	93.600	07CH01038302	3,968,216	—
Direct - Head Start	93.600	07CH01015403	2,159,313	—
Direct - Head Start	93.600	07CH01015404	407,506	—
Total CFDA #93.600			7,826,123	—
Total Department of Health and Human Services			12,501,265	—
Total Expenditures of Federal Awards			\$ 14,108,261	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2018

1. Organization

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of The Urban League of Metropolitan St. Louis, Inc. (the League) for the year ended December 31, 2018. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

2. Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the League and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The League did not elect to use the 10% de minimis indirect cost rate.

3. Low Income Home Energy Assistance Program Subrecipient Reporting Requirements

The federal funds awarded for the fiscal grant year under the terms and conditions of the grant contract number indicated below are provided from:

Granting Federal Agency	Department of Health and Human Services
Grant Award Number	G-11BIMOLIEA
Grant Award Year	2018
Catalog of Federal Domestic Assistance (CFDA) Number	93.568
CFDA Grant Name	Low Income Home Energy Assistance Program

Grant Year FY 2018

Grant Award (federal funds passed through)	\$	3,804,056
Nonfederal matching funds required to be provided by subrecipient		—
Nonfederal matching funds provided by the Department of Social Services		—
Total contract amount grant year FY2018	\$	3,804,056

**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***

Audit Committee
The Urban League of Metropolitan St. Louis, Inc.
St. Louis, Missouri

We have audited, in accordance with the 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 financial statements of The Urban League of Metropolitan St. Louis, Inc. (the League), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Urban League of Metropolitan St. Louis, Inc.'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

July 12, 2019

Independent Auditors' Report On Compliance For Each Major Federal Program And Report On Internal Control Over Compliance

Audit Committee
The Urban League of Metropolitan St. Louis, Inc.
St. Louis, Missouri

Report On Compliance For Each Major Federal Program

We have audited The Urban League of Metropolitan St. Louis, Inc.'s (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 December 31, 2018. The League's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards 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; 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 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 that 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 federal 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 Urban League of Metropolitan St. Louis, Inc. 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 December 31, 2018.

Report On Internal Control Over Compliance

Management of The Urban League of Metropolitan St. Louis, Inc. 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 of compliance, 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.

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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

July 12, 2019

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended December 31, 2018

Section I - Summary Of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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

Unmodified

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

yes no

Identification of major federal programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
93.600	Head Start

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

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

For The Year Ended December 31, 2018

Section II - Financial Statement Findings

None

Section III - Federal Award Findings And Questioned Costs

None

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For The Year Ended December 31, 2018

None