
**THE URBAN LEAGUE OF
METROPOLITAN ST. LOUIS, INC.**
*FINANCIAL STATEMENTS
DECEMBER 31, 2016*



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

Empowering Communities. Changing Lives.

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 June 30, 2017 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 Urban League of Metropolitan St. Louis, Inc.'s internal control over financial reporting and compliance.

RubinBrown LLP

June 30, 2017

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2016 And 2015

	December 31,	
	2016	2015
Assets		
Cash and cash equivalents	\$ 5,156,881	\$ 2,476,014
Accounts receivable, net of allowance for doubtful accounts of \$25,883	2,542,087	3,866,462
Pledges receivable, net	2,581,481	2,941,195
Prepaid expenses	415,491	213,106
Investments	4,633,753	1,865,951
Deferred pension asset	157,602	—
Intangibles	539,526	—
Property and equipment, net	3,377,559	1,788,327
Total Assets	\$ 19,404,380	\$ 13,151,055
Liabilities		
Accounts payable and accrued expenses	\$ 1,166,663	\$ 726,971
Current maturities of notes payable	18,776	18,086
Accrued payroll and related taxes	353,431	331,659
Accrued pension liability	—	539,822
Deferred revenue	168,080	325,953
Long-term notes payable	6,549,860	65,082
Less: unamortized debt issuance costs	52,232	—
Total Long-Term Notes Payable	6,497,628	65,082
Total Liabilities	8,204,578	2,007,573
Net Assets		
Unrestricted	4,165,307	3,390,593
Temporarily restricted	6,356,817	7,110,850
Permanently restricted	677,678	642,039
Total Net Assets	11,199,802	11,143,482
Total Liabilities And Net Assets	\$ 19,404,380	\$ 13,151,055

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2016

	Operational	Contractual	Ferguson Empowerment Center	Property And Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenue								
Public Support:								
Contributions and special purpose revenue	\$ 230,083	\$ 1,751,248	\$ —	\$ —	\$ 1,981,331	\$ 873,810	\$ —	\$ 2,855,141
United Way of Greater St. Louis: 2016	1,053,028	—	—	—	1,053,028	(1,053,028)	—	—
United Way of Greater St. Louis: 2017	—	—	—	—	—	1,053,028	—	1,053,028
Unassociated fund raising	—	1,000	—	—	1,000	—	—	1,000
Special events income - net of expenses	323,648	—	—	—	323,648	—	—	323,648
Membership dues	140,800	—	—	—	140,800	—	—	140,800
Net assets released from restrictions	812,893	814,950	—	—	1,627,843	(1,627,843)	—	—
Total Public Support	2,560,452	2,567,198	—	—	5,127,650	(754,033)	—	4,373,617
Grants from Governmental Agencies	202,078	13,990,718	—	—	14,192,796	—	—	14,192,796
Other Revenue (Expense)								
Investment income (loss)	93,384	—	—	—	93,384	—	35,639	129,023
Miscellaneous	82,873	—	—	—	82,873	—	—	82,873
Total Other Revenue (Expense)	176,257	—	—	—	176,257	—	35,639	211,896
Total Support And Revenue	2,938,787	16,557,916	—	—	19,496,703	(754,033)	35,639	18,778,309
Expenses								
Program Services:								
Economic opportunity	256,053	3,911,362	131,858	11,846	4,311,119	—	—	4,311,119
Community empowerment	975,377	2,715,731	—	12,570	3,703,678	—	—	3,703,678
Educational excellence	40,350	8,851,262	—	89,257	8,980,869	—	—	8,980,869
Total Program Services	1,271,780	15,478,355	131,858	113,673	16,995,666	—	—	16,995,666
Supporting Services:								
Management and general	999,397	—	—	142,267	1,141,664	—	—	1,141,664
Fundraising and communications	636,532	—	—	—	636,532	—	—	636,532
Total Supporting Services	1,635,929	—	—	142,267	1,778,196	—	—	1,778,196
Total Expenses	2,907,709	15,478,355	131,858	255,940	18,773,862	—	—	18,773,862
Change In Net Assets From Operating Activities	31,078	1,079,561	(131,858)	(255,940)	722,841	(754,033)	35,639	4,447
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Costs								
	51,873	—	—	—	51,873	—	—	51,873
Change In Net Assets	82,951	1,079,561	(131,858)	(255,940)	774,714	(754,033)	35,639	56,320
Net Assets - Beginning Of Year	1,732,791	3,286	—	1,654,516	3,390,593	7,110,850	642,039	11,143,482
Net Assets - End Of Year	\$ 1,815,742	\$ 1,082,847	\$ (131,858)	\$ 1,398,576	\$ 4,165,307	\$ 6,356,817	\$ 677,678	\$ 11,199,802

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2015

	Operational	Contractual	Property And Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenue							
Public Support:							
Contributions and special purpose revenue	\$ 771,194	\$ 2,040,686	\$ —	\$ 2,811,880	\$ 6,303,758	\$ —	\$ 9,115,638
United Way of Greater St. Louis: 2015	1,193,397	—	—	1,193,397	(1,193,397)	—	—
United Way of Greater St. Louis: 2016	—	—	—	—	1,076,274	—	1,076,274
Unassociated fund raising	—	670	—	670	—	—	670
Special events income - net of expenses	315,986	—	—	315,986	—	—	315,986
Membership dues	196,154	—	—	196,154	—	—	196,154
Net assets released from restrictions	925,760	894,022	—	1,819,782	(1,819,782)	—	—
Total Public Support	3,402,491	2,935,378	—	6,337,869	4,366,853	—	10,704,722
Grants from Governmental Agencies	157,178	14,287,291	—	14,444,469	—	—	14,444,469
Other Revenue and Gain (Loss):							
Investment loss	(992)	—	—	(992)	—	(3,765)	(4,757)
Miscellaneous	18	—	—	18	—	—	18
Total Other Revenue And Gain (Loss)	(974)	—	—	(974)	—	(3,765)	(4,739)
Total Support And Revenue	3,558,695	17,222,669	—	20,781,364	4,366,853	(3,765)	25,144,452
Expenses							
Program Services:							
Economic opportunity	250,192	5,048,647	20,915	5,319,754	—	—	5,319,754
Community empowerment	1,028,695	3,990,549	11,337	5,030,581	—	—	5,030,581
Educational excellence	16,234	7,702,403	43,375	7,762,012	—	—	7,762,012
Total Program Services	1,295,121	16,741,599	75,627	18,112,347	—	—	18,112,347
Supporting Services:							
Management and general	850,167	—	136,711	986,878	—	—	986,878
Fundraising and communications	718,745	—	—	718,745	—	—	718,745
Total Supporting Services	1,568,912	—	136,711	1,705,623	—	—	1,705,623
Total Expenses	2,864,033	16,741,599	212,338	19,817,970	—	—	19,817,970
Change In Net Assets From Operating Activities	694,662	481,070	(212,338)	963,394	4,366,853	(3,765)	5,326,482
Pension-Related Costs Other Than Net Periodic Pension Costs	(147,259)	(368,278)	—	(515,537)	—	—	(515,537)
Change In Net Assets	547,403	112,792	(212,338)	447,857	4,366,853	(3,765)	4,810,945
Transfers	(534,583)	(112,792)	647,375	—	—	—	—
Net Assets - Beginning Of Year	1,719,971	3,286	1,219,479	2,942,736	2,743,997	645,804	6,332,537
Net Assets - End Of Year	\$ 1,732,791	\$ 3,286	\$ 1,654,516	\$ 3,390,593	\$ 7,110,850	\$ 642,039	\$ 11,143,482

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2016

	Program Services				Supporting Services		
	Economic Opportunity	Community Empowerment	Educational Excellence	Total	Management And General	Fundraising And Communications	Total
Expenses							
Salaries	\$ 1,571,933	\$ 668,080	\$ 3,529,913	\$ 5,769,926	\$ 1,082,752	\$ 399,471	\$ 7,252,149
Employee health and retirement benefits	239,155	146,861	805,573	1,191,589	222,373	66,984	1,480,946
Payroll taxes	206,465	66,750	445,654	718,869	83,748	25,353	827,970
Assistance to individuals	1,543,756	2,372,327	386,074	4,302,157	9,015	—	4,311,172
Occupancy	42,663	189,063	1,123,006	1,354,732	62,022	8,436	1,425,190
Supplies	36,414	19,978	594,247	650,639	80,833	2,389	733,861
Professional fees	233,207	—	946,682	1,179,889	96,824	1,753	1,278,466
Local transportation	16,752	4,049	231,696	252,497	12,447	—	264,944
Telephone	13,001	28,479	57,113	98,593	20,131	3,629	122,353
Awards and grants	—	—	6,176	6,176	29	—	6,205
Conferences/meetings	17,791	16,200	50,197	84,188	65,114	21,619	170,921
Travel	13,757	12,216	10,808	36,781	30,901	104	67,786
Rental and equipment maintenance	5,568	25,297	28,852	59,717	99,328	4,409	163,454
Printing and publications	42,435	20,953	29,579	92,967	(123)	28,519	121,363
Insurance	36,452	16,042	78,914	131,408	18,113	—	149,521
Postage and shipping	1,413	6,222	1,568	9,203	4,470	1,492	15,165
Miscellaneous	11,405	—	28,603	40,008	—	17,295	57,303
Membership dues	—	—	2,329	2,329	9,962	85	12,376
Dues to national organizations	—	—	—	—	15,275	—	15,275
Total	4,032,167	3,592,517	8,356,984	15,981,668	1,913,214	581,538	18,476,420
Allocation of depreciation and amortization	53,348	12,570	89,257	155,175	142,267	—	297,442
Allocation of administrative costs	225,604	98,591	534,628	858,823	(913,817)	54,994	—
Total Expenses	\$ 4,311,119	\$ 3,703,678	\$ 8,980,869	\$ 16,995,666	\$ 1,141,664	\$ 636,532	\$ 18,773,862

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2015

	Program Services				Supporting Services		
	Economic Opportunity	Community Empowerment	Educational Excellence	Total	Management And General	Fundraising And Communications	Total
Expenses							
Salaries	\$ 1,814,707	\$ 653,343	\$ 2,874,929	\$ 5,342,979	\$ 1,294,748	\$ 527,871	\$ 7,165,598
Employee health and retirement benefits	177,905	119,194	541,419	838,518	221,662	70,366	1,130,546
Payroll taxes	262,035	72,203	384,286	718,524	157,284	39,249	915,057
Assistance to individuals	1,778,302	3,523,157	378,146	5,679,605	28,244	—	5,707,849
Occupancy	22,560	349,802	1,225,175	1,597,537	256,404	—	1,853,941
Supplies	69,296	32,394	129,260	230,950	126,496	5,695	363,141
Professional fees	74,017	8,823	619,218	702,058	168,185	500	870,743
Local transportation	25,397	3,949	384,473	413,819	14,095	—	427,914
Equipment purchases	—	916	864	1,780	—	—	1,780
Telephone	10,903	22,482	34,606	67,991	19,357	3,117	90,465
Awards and grants	—	—	7,289	7,289	3,250	711	11,250
Conferences/meetings	98,318	17,015	35,063	150,396	92,124	28,404	270,924
Travel	14,581	11,460	16,559	42,600	31,085	9,522	83,207
Rental and equipment maintenance	19,252	33,423	85,153	137,828	129,027	7,991	274,846
Printing and publications	71,116	29,636	47,227	147,979	(26,994)	37,999	158,984
Insurance	31,927	20,514	69,518	121,959	32,025	—	153,984
Postage and shipping	2,297	4,404	2,291	8,992	7,527	1,520	18,039
Miscellaneous	(3,537)	7,846	13,747	18,056	42,868	15,516	76,440
Membership dues	—	355	1,491	1,846	10,928	3,150	15,924
Dues to national organizations	—	—	—	—	15,000	—	15,000
Total	4,469,076	4,910,916	6,850,714	16,230,706	2,623,315	751,611	19,605,632
Allocation of depreciation and amortization	20,915	11,337	43,375	75,627	136,711	—	212,338
Allocation of administrative costs	829,763	108,328	867,923	1,806,014	(1,773,148)	(32,866)	—
Total Expenses	\$ 5,319,754	\$ 5,030,581	\$ 7,762,012	\$ 18,112,347	\$ 986,878	\$ 718,745	\$ 19,817,970

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years	
	Ended December 31,	
	2016	2015
Cash Flows From Operating Activities		
Increase in net assets	\$ 56,320	\$ 4,810,945
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	297,442	212,338
Amortization of debt issuance costs reported as interest expense	4,018	—
Net (gains) losses on long-term investments	(84,911)	35,260
Donation of equity securities	(1,998)	(21,319)
Donation of property	—	(500,000)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	1,324,375	(2,506,457)
(Increase) decrease in pledges receivable	359,714	(818,838)
(Increase) decrease in prepaid expenses	(202,385)	74,771
Increase in deferred pension asset	(157,602)	—
Increase in accounts payable and accrued expenses	439,692	6,730
Increase in accrued payroll and related taxes	21,772	63,628
(Increase) decrease in accrued pension liability	(539,822)	491,097
Decrease in deferred revenues	(157,873)	(283,581)
Net Cash Provided By Operating Activities	1,358,742	1,564,574
Cash Flows From Investing Activities		
Purchase of property and equipment	(1,845,172)	(281,186)
Purchases of investments	(3,185,003)	(672,372)
Proceeds from sale or maturity of investments	504,110	217,153
Net Cash Used In Investing Activities	(4,526,065)	(736,405)
Cash Flows From Financing Activities		
Proceeds from notes payable	7,390,221	—
Payments on notes payable	(904,753)	(17,369)
Payments for new market tax credit fees	(581,028)	—
Payments for debt issuance costs	(56,250)	—
Net Cash Provided By (Used In) Financing Activities	5,848,190	(17,369)
Net Increase In Cash And Cash Equivalents	2,680,867	810,800
Cash And Cash Equivalents - Beginning Of Year	2,476,014	1,665,214
Cash And Cash Equivalents - End Of Year	\$ 5,156,881	\$ 2,476,014

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 And 2015

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.

Financial Statement Format

The following is a description of the three classes of net assets of the League:

Unrestricted Net Assets

Unrestricted Net Assets represent those net assets whose use is not restricted by donors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Included in unrestricted net assets are net assets for which outside agencies or government bodies, rather than a donor, have designated for various purposes under grant contracts. These assets are noted as unrestricted contractual net assets. Unrestricted property and equipment net assets represents the net property and equipment of the League that will be depreciated in future years.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Temporarily Restricted Net Assets

Temporarily Restricted Net Assets represent those net assets whose use has been limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the League pursuant to those stipulations.

Permanently Restricted Net Assets

Permanently Restricted Net Assets represent those net assets whose use has been limited by donor-imposed stipulations that they must be maintained in perpetuity. Interest income is recorded as temporarily restricted for scholarships.

Contributions

Unconditional contributions are recognized when promised or received. All contributions are considered to be available for unrestricted 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 temporarily or permanently restricted support that increases those net asset classes. Contributions received with donor-imposed restrictions that are met in the same year as the contribution is received are initially reported as temporarily restricted support and are subsequently released to unrestricted net assets in the same year. Gifts of long-lived assets received without stipulation are recorded as unrestricted support.

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, 2016, approximately \$4,434,000 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%.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

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.

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 consolidated 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, 2016		
	Total Assets	Total Liabilities	Total Equity
Urban League FEC Leverage Lender	\$ 4,033,068	\$ —	\$ 4,033,068

	For The Year Ended December 31, 2016		
	Ownership Interest	Revenues	Net Income Allocated Share Of Loss
Urban League FEC Leverage Lender	50.00%	\$ 17,068	\$ 17,068 \$ 8,534

Intangibles

The League has incurred \$581,028 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, 2016, amortization expense amounted to \$41,502. As of December 31, 2016, accumulated amortization amounted to \$41,502.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements *(Continued)*

Property And Equipment

Donated property and vehicles are recorded as an addition to the unrestricted property and equipment net assets 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, 2016 and 2015, the League held title to \$4,178,007 and \$3,176,789, respectively, of property and equipment purchased with federal grant funds. Accumulated depreciation on the federally funded assets amounted to \$2,960,423 and \$2,864,251 as of December 31, 2016 and 2015, respectively.

Debt Issuance Costs

Debt issuance costs totaling \$56,250 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 \$4,018 as of December 31, 2016. Amortization expense amounted to \$4,018 during the year ended December 31, 2016, 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.

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.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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 \$363,810 and \$332,434 at December 31, 2016 and 2015 and 2015, 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 if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. 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 \$137,925 and \$250,863 in 2016 and 2015, respectively. During 2016 and 2015, \$356,767 and \$314,369, 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.

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.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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.

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. The League's federal and state tax returns for tax years 2013 and later remain subject to examination by taxing authorities.

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.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements *(Continued)*

2. Pledges Receivable

Pledges receivable as of December 31, 2016 and 2015 were scheduled for collection as follows:

	<u>2016</u>	<u>2015</u>
Less than one year	\$ 1,740,365	\$ 1,710,365
One-five years	938,481	1,377,485
Total pledges receivable	2,678,846	3,087,850
Discount on pledges receivable	(97,365)	(146,655)
	<u>\$ 2,581,481</u>	<u>\$ 2,941,195</u>

3. Investments

Investments consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Investment in Leverage Lender	\$ 2,616,000	\$ —
Mutual funds	1,805,739	1,654,280
Certificates of deposit	212,014	211,671
Total	<u>\$ 4,633,753</u>	<u>\$ 1,865,951</u>

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.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

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	Total	Fair Value Measurements At December 31, 2016		
		Level 1	Level 2	Level 3
Mutual funds	\$ 1,805,739	\$ 1,805,739	\$ —	\$ —
Certificates of deposit	212,014	—	212,014	—
Total	\$ 2,017,753	\$ 1,805,739	\$ 212,014	\$ —

Asset Category	Total	Fair Value Measurements At December 31, 2015		
		Level 1	Level 2	Level 3
Mutual funds	\$ 1,654,280	\$ 1,654,280	\$ —	\$ —
Certificates of deposit	211,671	—	211,671	—
Total	\$ 1,865,951	\$ 1,654,280	\$ 211,671	\$ —

At December 31, 2016 and 2015, 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 2016 and 2015, there were no changes in the methods and/or assumptions utilized to derive the fair value of the League's assets.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements *(Continued)*

Components of investment income include:

	<u>2016</u>	<u>2015</u>
Interest income	\$ 44,112	\$ 30,503
Gain (loss) on investments	84,911	(35,260)
<u>Investment income (loss)</u>	<u>\$ 129,023</u>	<u>\$ (4,757)</u>

4. Property And Equipment

Property and equipment consisted of the following at December 31:

	<u>2016</u>	<u>2015</u>
Land	\$ 559,182	\$ 559,182
Buildings and improvements	5,905,846	4,933,580
Furniture, fixtures and equipment	1,063,419	854,003
	<u>7,528,447</u>	<u>6,346,765</u>
Less: Accumulated depreciation	4,948,189	4,692,249
<u>Construction in progress</u>	<u>797,301</u>	<u>133,811</u>
	<u>\$ 3,377,559</u>	<u>\$ 1,788,327</u>

Depreciation and amortization expense amounted to \$255,940 in 2016 and \$212,338 in 2015.

5. Net Assets

The League's endowment consists of two 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 endowments. As required by GAAP, net assets associated 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 permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization 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 Net Asset Composition As Of December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	\$ —	\$ —	\$ 677,678	\$ 677,678
Board-designated quasi-endowment fund	1,335,922	—	—	1,335,922
	\$ 1,335,922	\$ —	\$ 677,678	\$ 2,013,600

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Endowment Net Asset Composition As Of December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment fund	\$ —	\$ —	\$ 642,039	\$ 642,039
Board-designated quasi-endowment fund	1,141,733	—	—	1,141,733
	<u>\$ 1,141,733</u>	<u>\$ —</u>	<u>\$ 642,039</u>	<u>\$ 1,783,772</u>

Changes In Endowment Net Assets For The Fiscal Years Ended December 31, 2016 And 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets - January 1, 2015	<u>\$ 1,033,851</u>	<u>\$ —</u>	<u>\$ 645,804</u>	<u>\$ 1,679,655</u>
Investment Return				
Investment income	13	—	7	20
Net realized and unrealized gains	(12,131)	—	(3,772)	(15,903)
Total Investment Return	<u>(12,118)</u>	<u>—</u>	<u>(3,765)</u>	<u>(15,883)</u>
Contributions	<u>120,000</u>	<u>—</u>	<u>—</u>	<u>120,000</u>
Appropriation of endowment assets for expenditure	—	—	—	—
Endowment Net Assets - December 31, 2015	<u>1,141,733</u>	<u>—</u>	<u>642,039</u>	<u>1,783,772</u>
Investment Return				
Investment income	15,881	—	7,595	23,476
Net realized and unrealized gains	56,808	—	28,044	84,852
Total Investment Return	<u>72,689</u>	<u>—</u>	<u>35,639</u>	<u>108,328</u>
Contributions	<u>121,500</u>	<u>—</u>	<u>—</u>	<u>121,500</u>
Appropriation of endowment assets for expenditure	—	—	—	—
Endowment Net Assets - December 31, 2016	<u>\$ 1,335,922</u>	<u>\$ —</u>	<u>\$ 677,678</u>	<u>\$ 2,013,600</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, 2016 or 2015.

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 permanently restricted funds. 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 URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Temporarily restricted net assets consist of the following at December 31:

	<u>2016</u>	<u>2015</u>
Administration (United Way)	\$ 1,053,028	\$ 1,050,365
North County facility (related party)	37,178	58,554
Economic opportunity	555,909	1,387,033
Education excellence	165,077	82,134
Community empowerment	102,255	121,840
Youth development	229,022	229,022
Business training center	50,000	150,000
IT infrastructure	1,053,454	1,374,288
Ferguson Community Empowerment Center	1,421,451	2,511,451
Miscellaneous	1,689,443	146,163
	<u>\$ 6,356,817</u>	<u>\$ 7,110,850</u>

Temporarily restricted net assets released from restrictions consist of the following:

	<u>2016</u>	<u>2015</u>
North County facility (related party)	\$ 30,216	\$ 140,519
Economic opportunity	863,901	846,993
Education excellence	29,208	56,887
Community empowerment	231,160	197,925
Business training center	96,016	125,000
Miscellaneous	377,342	452,458
	<u>\$ 1,627,843</u>	<u>\$ 1,819,782</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, 2016 and 2015, the balance on the note payable is \$65,228 and \$83,168, 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, 2016, the balance on the note payable is \$713,500.

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. As of December 31, 2016, the full balance of both loans is outstanding.

The scheduled maturities of long-term notes payable at December 31, 2016 are as follows:

Year	Amount
2017	\$ 18,776
2018	19,493
2019	733,736
2020	6,631
2021	—
Thereafter	5,790,000
	<u>\$ 6,568,636</u>

7. Commitments And Contingencies

Operating Leases

The League leases office space and office equipment. Rent, including month-to-month leases, amounted to approximately \$429,000 in 2016 and \$338,000 in 2015.

Aggregate future minimum lease commitments at December 31, 2016 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 379,918
2018	350,630
2019	316,922
2020	244,714
2021	99,774
	<u>\$ 1,391,958</u>

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.

	<u>2016</u>	<u>2015</u>
Change in benefit obligation:		
Projected benefit obligation - beginning of year	\$ 12,373,806	\$ 11,948,598
Service cost	770,820	708,181
Interest cost	596,622	533,256
Actuarial gains/losses	432,042	(307,162)
Benefits paid	(544,504)	(509,067)
Projected benefit obligation - end of year	<u>13,628,786</u>	<u>12,373,806</u>
Change in plan assets:		
Fair value of assets - beginning of year	11,833,984	11,899,873
Actual return on assets	1,015,812	(201,822)
Employer contributions	1,481,097	645,000
Benefits paid	(544,505)	(509,067)
Fair value of assets - end of year	<u>13,786,388</u>	<u>11,833,984</u>
Funded status - end of year	<u>157,602</u>	<u>(539,822)</u>
Items not yet recognized as a component of net periodic pension cost - unrecognized loss	<u>\$ 2,994,380</u>	<u>\$ 3,046,253</u>
The components of net periodic benefit cost were as follows:		
Service cost	\$ 770,820	\$ 708,181
Interest cost	596,622	533,256
Expected return on plan assets	(806,486)	(810,086)
Amortization of net gain	274,589	186,797
	<u>\$ 835,545</u>	<u>\$ 618,148</u>

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

	<u>2016</u>	<u>2015</u>
Employer contribution	\$ 1,481,097	\$ 645,000
Benefits paid	544,505	509,067
Weighted average assumption		
Discount rate	4.75%	4.50%
Expected return on plan assets	7.0%	7.0%
Rate of compensation increase	3.0%	3.0%

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

Plan Assets

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

The fair value of the League's pension plan assets at December 31, 2016 and 2015 by asset category are as follows:

Asset Category	Total	Fair Value Measurements At December 31, 2016		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money markets	\$ 1,235,074	\$ 1,235,074	\$ —	\$ —
Equity securities:				
U.S. companies	3,083,003	3,083,003	—	—
International companies	274,590	274,590	—	—
Mutual funds	7,212,168	7,212,168	—	—
Corporate bonds	1,981,553	—	1,981,553	—
Total	\$ 13,786,388	\$ 11,804,835	\$ 1,981,553	\$ —

Asset Category	Total	Fair Value Measurements At December 31, 2015		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money markets	\$ 1,018,457	\$ 1,018,457	\$ —	\$ —
Equity securities:				
U.S. companies	2,900,999	2,900,999	—	—
International companies	549,748	549,748	—	—
Mutual funds	5,254,544	5,254,544	—	—
Corporate bonds	2,110,236	—	2,110,236	—
Total	\$ 11,833,984	\$ 9,723,748	\$ 2,110,236	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

The League's target allocation by asset class versus the actual allocation as of December 31, 2016 and 2015 are as follows:

	Plan Assets		Target Allocation	Actual Allocation	
	2016	2015		2016	2015
Equity securities	\$ 10,569,761	\$ 8,705,291	30 - 70%	77%	74%
Debt securities	1,981,553	2,110,236	30 - 70%	14%	18%
Other	1,235,074	1,018,457	2 - 6%	9%	8%
	<u>\$ 13,786,388</u>	<u>\$ 11,833,984</u>		<u>100%</u>	<u>100%</u>

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 7.0% 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 2016 (minimum)	\$ 400,000
Expected amortization of net loss	201,968
Expected benefit payments:	
2017	260,000
2018	350,000
2019	300,000
2020	620,000
2021	570,000
2022-2026	<u>3,900,000</u>
	<u>\$ 6,000,000</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (Continued)

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 temporarily restricted contribution. At December 31, 2016 and 2015, the discounted pledge totaled \$127,520 and \$56,433, respectively.

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,	
			2016	2015
Jennings Station (related party)	July 2021	5 years	\$ 220,932	\$ 318,488
Mt. Zion (related party)	May 2021	5 years	12,531	25,061
911 N. Spring	May 2021	5 years	262,437	356,250
			<u>\$ 495,900</u>	<u>\$ 699,799</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, 2016 and 2015, 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 \$30,089 and \$64,271 in 2016 and 2015, respectively. These amounts are included in the combining statements of activities and changes in net assets as unrestricted contractual grants from governmental agencies for the years ended December 31, 2016 and 2015.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

The League paid \$15,275 and \$15,000 in 2016 and 2015, respectively, to the National Urban League which is included as operational supporting services - management and general in the statement of activities for each of the years ended December 31, 2016 and 2015.

Members of the Board of Directors of the League and employers of the Board of Directors of the League made contributions of approximately \$94,000 and \$1,476,000, respectively, for the year ended December 31, 2016. These contributions are included in the statement of activities for the year ended December 31, 2016 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 \$68,000 and \$2,565,000, respectively, for the year ended December 31, 2015. These contributions are included in the statement of activities for the year ended December 31, 2015 as contributions and special-purpose revenue.

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.

Independent Auditors' Report On Supplementary Information

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

We have audited the basic financial statements of The Urban League of Metropolitan St. Louis, Inc. as of and for the years ended December 31, 2016 and 2015, and our report thereon dated June 30, 2017, which expressed an unqualified 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 statements of activities and changes in net assets, schedule of indirect cost rate, 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 basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

June 30, 2017

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
UNRESTRICTED OPERATIONAL
December 31, 2016

	Combined Total	Administration	Employment SCC	President's Scholarship Fund	Vaughn Cultural Center	Business Training Center	Urban League Guild	Urban League Young Professionals	Federation Of Block Units
Support And Revenue									
Contributions and special purpose revenue	\$ 230,083	\$ 215,646	\$ —	\$ 3,250	\$ 4,338	\$ (1)	\$ 2,500	\$ 4,350	\$ —
United Way of Greater St. Louis: 2016	1,053,028	1,053,028	—	—	—	—	—	—	—
Unassociated fund raising	—	—	—	—	—	—	—	—	—
Special events - net of expenses	323,648	324,827	—	—	—	—	176	(1,355)	—
Membership dues	140,800	135,942	—	—	—	—	1,918	2,350	590
Grants from governmental agencies	202,078	202,078	—	—	—	—	—	—	—
Investment income	93,384	93,376	—	—	—	—	—	—	8
Miscellaneous	82,873	82,873	—	—	—	—	—	—	—
Net assets released from restrictions	812,893	628,825	64,401	2,926	20,724	96,017	—	—	—
Total Support And Revenue	2,938,787	2,736,595	64,401	6,176	25,062	96,016	4,594	5,345	598
Expenses									
Salaries	1,896,246	1,797,578	44,600	—	—	54,068	—	—	—
Employee health and retirement benefits	418,070	400,274	6,462	—	—	11,334	—	—	—
Payroll taxes	158,333	149,098	3,693	—	1,074	4,468	—	—	—
Assistance to individuals	292,397	292,367	—	—	—	30	—	—	—
Occupancy	300,081	287,856	—	—	—	12,225	—	—	—
Supplies	98,713	96,071	351	—	1,419	588	(19)	303	—
Professional fees	(692,560)	(740,352)	8,000	—	27,193	12,599	—	—	—
Local transportation	18,424	18,424	—	—	—	—	—	—	—
Telephone	45,827	45,520	—	—	—	307	—	—	—
Awards and grants	6,205	29	—	6,176	—	—	—	—	—
Conferences and meetings	104,326	98,915	—	—	3,240	245	—	1,926	—
Travel	40,160	37,551	853	—	—	—	—	1,756	—
Rental and equipment maintenance	121,849	121,459	—	—	390	—	—	—	—
Printing and publications	(4,766)	(6,269)	443	—	814	—	—	246	—
Insurance	37,150	37,067	—	—	—	83	—	—	—
Postage and shipping	6,815	6,605	—	—	44	69	36	61	—
Miscellaneous	35,117	35,117	—	—	—	—	—	—	—
Membership dues	10,047	8,897	—	—	—	—	450	700	—
Dues to National Organization	15,275	15,275	—	—	—	—	—	—	—
Total Expenses	2,907,709	2,701,482	64,402	6,176	34,174	96,016	467	4,992	—
Change In Net Assets From Operating Activities	31,078	35,113	(1)	—	(9,112)	—	4,127	353	598
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	51,873	51,873	—	—	—	—	—	—	—
Change In Net Assets	82,951	86,986	(1)	—	(9,112)	—	4,127	353	598
Transfers	—	—	—	—	—	—	—	—	—
Net Assets									
Beginning of year	1,732,791	1,694,351	—	—	(11,945)	17,474	2,326	15,193	15,392
End of year	\$ 1,815,742	\$ 1,781,337	\$ (1)	\$ —	\$ (21,057)	\$ 17,474	\$ 6,453	\$ 15,546	\$ 15,990

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
UNRESTRICTED CONTRACTUAL
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	Combined Total	B.T. Hurt Scholarship Fund	Regional Arts Commission	Headstart				Red Nose Grant	Save Our Sons	Bank Of America	Total From Following Page
				YWCA	Jennings	Magnolia	General *				
Support And Revenue											
Contributions and special purpose revenue*	\$ 2,108,015	\$ —	\$ —	\$ —	\$ —	\$ 192,661	\$ 1,191,547	\$ 71,980	\$ 85,600	\$ —	\$ 566,227
Unassociated fund raising	1,000	—	—	—	—	—	1,000	—	—	—	—
Grants from governmental agencies	13,990,718	—	7,540	2,848,725	2,286,997	3,129,484	486,012	—	—	—	5,231,960
Net assets released from restrictions	814,950	—	—	—	—	—	—	—	324,671	18,269	472,010
Total Support And Revenue	16,914,683	—	7,540	2,848,725	2,286,997	3,322,145	1,678,559	71,980	410,271	18,269	6,270,197
Expenses											
Salaries	5,355,901	—	—	1,315,281	1,096,965	854,117	213,034	50,515	237,265	11,546	1,577,178
Employee health and retirement benefits	1,062,876	—	—	347,139	205,102	164,901	50,360	7,859	43,844	2,656	241,015
Payroll taxes	669,640	—	834	93,848	241,565	83,345	21,120	3,866	22,203	901	201,958
Assistance to individuals	4,018,814	—	—	17,246	13,802	376	353,500	669	18,649	—	3,614,572
Occupancy	1,085,507	—	—	199,924	166,575	218,152	458,067	—	2,000	—	40,789
Supplies	640,808	—	260	101,016	95,292	296,930	103,455	1,295	5,871	—	36,689
Professional fees	2,263,182	—	4,882	407,757	339,387	624,715	439,149	6,647	44,209	3,166	393,270
Local transportation	247,747	—	—	225,294	1,749	1,789	2,829	—	96	—	15,990
Telephone	75,956	—	—	18,866	21,810	12,175	4,259	—	—	—	18,846
Awards and grants	569	—	—	—	—	—	—	—	—	—	569
Conferences and meetings	65,185	—	1,105	17,162	13,343	933	14,367	—	5,012	—	13,263
Travel	24,462	—	—	3,425	1,802	1,501	3,885	247	677	—	12,925
Rental and equipment maintenance	43,805	—	—	11,228	13,142	1,484	1,521	—	192	—	16,238
Printing and publications	122,953	—	350	12,136	15,852	15,341	—	853	29,501	—	48,920
Insurance	90,171	—	—	30,008	25,944	2,401	3,688	—	—	—	28,130
Postage and shipping	8,370	—	109	558	539	130	159	—	10	—	6,865
Miscellaneous	56,833	—	—	49	1,430	16,010	35,606	29	742	—	2,967
Membership dues	2,343	—	—	1,420	697	213	—	—	—	—	13
Total Expenses	15,835,122	—	7,540	2,802,357	2,254,996	2,294,513	1,704,999	71,980	410,271	18,269	6,270,197
Change In Net Assets From Operating Activities	1,079,561	—	—	46,368	32,001	1,027,632	(26,440)	—	—	—	—
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—	—	—	—
Change In Net Assets	1,079,561	—	—	46,368	32,001	1,027,632	(26,440)	—	—	—	—
Transfers	—	—	—	—	—	—	—	—	—	—	—
Net Assets											
Beginning of year	3,286	3,286	—	—	—	—	—	—	—	—	—
End of year	\$ 1,082,847	\$ 3,286	\$ —	\$ 46,368	\$ 32,001	\$ 1,027,632	\$ (26,440)	\$ —	\$ —	\$ —	\$ —

*Includes Federal match eligible volunteer services of \$356,767.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.
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	Total To Preceding Page	Citi Youth Tech	Fannie Mae	NUL Foreclosure Mitigation	HUD Housing Counseling	Illinois Residential Weatherization	Slate Jobs Plus TANF	MO Foundation For Health	WIOA Summer TANF	Total From Following Page
Support And Revenue										
Contributions and special purpose revenue	\$ 566,227	\$ —	\$ 9,241	\$ —	\$ —	\$ —	\$ —	\$ 20,057	\$ —	\$ 536,929
Grants from governmental agencies	5,231,960	—	—	30,089	31,123	118,262	5,097	—	716,596	4,330,793
Net assets released from restrictions	472,010	213,389	—	—	—	—	—	125,483	—	133,138
Total Support And Revenue	6,270,197	213,389	9,241	30,089	31,123	118,262	5,097	145,540	716,596	5,000,860
Expenses										
Salaries	1,577,178	56,353	7,183	20,628	20,845	50,245	3,827	78,464	151,159	1,188,474
Employee health and retirement benefits	241,015	8,299	1,451	6,932	4,286	7,944	315	12,721	(21,136)	220,203
Payroll taxes	201,958	5,865	514	1,494	2,370	4,057	362	5,426	58,784	123,086
Assistance to individuals	3,614,572	12,226	—	—	—	54,742	—	4,352	487,613	3,055,639
Occupancy	40,789	—	—	—	3,622	—	—	—	—	37,167
Supplies	36,689	5,884	—	—	—	—	—	948	581	29,276
Professional fees	393,270	120,444	73	977	—	1,020	593	34,271	36,026	199,866
Local transportation	15,990	—	—	—	—	—	—	4,588	—	11,402
Telephone	18,846	1,171	—	—	—	—	—	—	—	17,675
Awards and grants	569	—	—	—	—	—	—	569	—	—
Conferences and meetings	13,263	1,082	—	—	—	—	—	—	—	12,181
Travel	12,925	2,012	—	—	—	—	—	100	—	10,813
Rental and equipment maintenance	16,238	—	—	58	—	—	—	113	3,208	12,859
Printing and publications	48,920	(65)	20	—	—	16	—	—	—	48,949
Insurance	28,130	—	—	—	—	—	—	3,142	66	24,922
Postage and shipping	6,865	49	—	—	—	—	—	833	—	5,983
Miscellaneous	2,967	69	—	—	—	238	—	—	295	2,365
Membership dues	13	—	—	—	—	—	—	13	—	—
Total Expenses	6,270,197	213,389	9,241	30,089	31,123	118,262	5,097	145,540	716,596	5,000,860
Change In Net Assets From Operating Activities	—	—	—	—	—	—	—	—	—	—
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—	—	—
Change In Net Assets	—	—	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—	—	—	—
Net Assets										
Beginning of year	—	—	—	—	—	—	—	—	—	—
End of year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.
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	Total To Preceding Page	WIOA Youth St. Louis County	WIOA TANF SPYC	Illinois Attorney General	DOE Weatheri- zation	LIHEAP Utilicare	Ameren Missouri Weatheri- zation	Laclede Weatheri- zation	LIHEAP Weatheri- zation	Honeywell Weatheri- zation	Total From Following Page
Support And Revenue											
Contributions and special purpose revenue	\$ 536,929	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 248,933	\$ 184,773	\$ —	\$ —	\$ 103,223
United Way of Greater St. Louis: 2016	—	—	—	—	—	—	—	—	—	—	—
Unassociated fund raising	—	—	—	—	—	—	—	—	—	—	—
Grants from governmental agencies	4,330,793	265,867	55,610	52,915	336,011	32,718	—	—	558,898	—	3,028,774
Net assets released from restrictions	133,138	—	—	—	—	—	—	—	—	27,372	105,766
Total Support And Revenue	5,000,860	265,867	55,610	52,915	336,011	32,718	248,933	184,773	558,898	27,372	3,237,763
Expenses											
Salaries	1,188,474	148,189	9,451	38,018	110,775	3,226	67,400	47,507	168,996	23,523	571,389
Employee health and retirement benefits	220,203	31,374	(1,642)	7,727	10,297	644	14,105	10,451	35,547	2,301	109,399
Payroll taxes	123,086	19,360	4,657	2,955	26,434	255	5,564	3,922	13,963	1,548	44,428
Assistance to individuals	3,055,639	28,393	40,101	—	116,557	23,878	123,064	91,317	273,402	—	2,358,927
Occupancy	37,167	—	—	768	4,362	375	1,977	1,262	5,471	—	22,952
Supplies	29,276	997	44	728	7,342	—	3,092	2,481	5,941	—	8,651
Professional fees	199,866	34,269	2,857	2,102	26,276	3,272	27,657	21,492	23,843	—	58,098
Local transportation	11,402	—	—	—	7,789	—	66	701	2,846	—	—
Equipment purchases	—	—	—	—	—	—	—	—	—	—	—
Telephone	17,675	—	—	617	6,399	—	1,308	1,345	1,165	—	6,841
Awards and grants	—	—	—	—	—	—	—	—	—	—	—
Conferences and meetings	12,181	101	—	—	7,079	—	—	—	2,751	—	2,250
Travel	10,813	2,647	—	—	2,304	—	—	—	305	—	5,557
Rental and equipment maintenance	12,859	259	—	—	500	27	15	11	4,465	—	7,582
Printing and publications	48,949	138	26	—	9,828	—	817	1,438	3,637	—	33,065
Insurance	24,922	—	—	—	(443)	1,041	3,868	2,846	16,416	—	1,194
Postage and shipping	5,983	140	116	—	212	—	—	—	—	—	5,515
Miscellaneous	2,365	—	—	—	300	—	—	—	150	—	1,915
Total Expenses	5,000,860	265,867	55,610	52,915	336,011	32,718	248,933	184,773	558,898	27,372	3,237,763
Change In Net Assets From Operating Activities	—	—	—	—	—	—	—	—	—	—	—
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—	—	—	—
Change In Net Assets	—	—	—	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—	—	—	—	—
Net Assets											
Beginning of year	—	—	—	—	—	—	—	—	—	—	—
End of year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.
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	Total To Preceding Page	Weatheri- zation Multi-Family	Weatherization Lead Remediation	Residential Leadership Training	Great Rivers Greenway	Home Repairs	LIHEAP Heat Up	ARCHS	St. Louis Alliance	Housing Advocacy	Total From Following Page
Support And Revenue											
Contributions and special purpose revenue	\$ 103,223	\$ —	\$ —	\$ —	\$ 105,223	\$ —	\$ (2,000)	\$ —	\$ —	\$ —	\$ —
United Way of Greater St. Louis: 2016	—	—	—	—	—	—	—	—	—	—	—
Unassociated fund raising	—	—	—	—	—	—	—	—	—	—	—
Grants from governmental agencies	3,028,774	—	85,310	30,000	—	213,635	22,500	68,393	28,238	13,316	2,567,382
Net assets released from restrictions	105,766	41,791	—	—	—	—	63,975	—	—	—	—
Total Support And Revenue	3,237,763	41,791	85,310	30,000	105,223	213,635	84,475	68,393	28,238	13,316	2,567,382
Expenses											
Salaries	571,389	35,828	5,037	24,341	80,758	14,165	—	51,280	21,624	9,885	328,471
Employee health and retirement benefits	109,399	3,629	1,125	3,741	5,949	3,169	—	5,394	4,917	2,213	79,262
Payroll taxes	44,428	2,334	404	1,900	6,761	1,139	—	4,010	1,697	813	25,370
Assistance to individuals	2,358,927	—	76,952	—	—	189,602	84,475	—	—	—	2,007,898
Occupancy	22,952	—	1,718	—	—	4,282	—	—	—	—	16,952
Supplies	8,651	—	—	—	877	521	—	1,734	—	—	5,519
Professional fees	58,098	—	—	—	9,979	71	—	—	—	254	47,794
Local transportation	—	—	—	—	—	—	—	—	—	—	—
Equipment purchases	—	—	—	—	—	—	—	—	—	—	—
Telephone	6,841	—	—	—	121	—	—	2,198	—	—	4,522
Awards and grants	—	—	—	—	—	—	—	—	—	—	—
Conferences and meetings	2,250	—	—	—	—	—	—	—	—	—	2,250
Travel	5,557	—	74	18	—	679	—	—	—	134	4,652
Rental and equipment maintenance	7,582	—	—	—	—	7	—	—	—	17	7,558
Printing and publications	33,065	—	—	—	—	—	—	—	—	—	33,065
Insurance	1,194	—	—	—	778	—	—	—	—	—	416
Postage and shipping	5,515	—	—	—	—	—	—	3,627	—	—	1,888
Miscellaneous	1,915	—	—	—	—	—	—	150	—	—	1,765
Total Expenses	3,237,763	41,791	85,310	30,000	105,223	213,635	84,475	68,393	28,238	13,316	2,567,382
Change In Net Assets From Operating Activities	—	—	—	—	—	—	—	—	—	—	—
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—	—	—	—
Change In Net Assets	—	—	—	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—	—	—	—	—
Net Assets											
Beginning of year	—	—	—	—	—	—	—	—	—	—	—
End of year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.
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	Total To Preceding Page	LIHEAP	Utilicare	Affordable Housing Shelter	Norman Cash Assistance	FEMA STLC	FEMA SCC	FEMA STLCO
Support And Revenue								
Contributions and special purpose revenue	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
United Way of Greater St. Louis: 2016	—	—	—	—	—	—	—	—
Unassociated fund raising	—	—	—	—	—	—	—	—
Grants from governmental agencies	2,567,382	2,230,189	132,182	44,934	102,950	14,334	5,791	37,002
Net assets released from restrictions	—	—	—	—	—	—	—	—
Total Support And Revenue	2,567,382	2,230,189	132,182	44,934	102,950	14,334	5,791	37,002
Expenses								
Salaries	328,471	306,596	13,454	8,421	—	—	—	—
Employee health and retirement benefits	79,262	74,238	3,139	1,885	—	—	—	—
Payroll taxes	25,370	23,759	956	655	—	—	—	—
Assistance to individuals	2,007,898	1,702,424	113,785	33,424	101,138	14,334	5,791	37,002
Occupancy	16,952	16,952	—	—	—	—	—	—
Supplies	5,519	5,519	—	—	—	—	—	—
Professional fees	47,794	44,643	790	549	1,812	—	—	—
Local transportation	—	—	—	—	—	—	—	—
Equipment purchases	—	—	—	—	—	—	—	—
Telephone	4,522	4,522	—	—	—	—	—	—
Awards and grants	—	—	—	—	—	—	—	—
Conferences and meetings	2,250	2,250	—	—	—	—	—	—
Travel	4,652	4,652	—	—	—	—	—	—
Rental and equipment maintenance	7,558	7,557	1	—	—	—	—	—
Printing and publications	33,065	33,065	—	—	—	—	—	—
Insurance	416	359	57	—	—	—	—	—
Postage and shipping	1,888	1,888	—	—	—	—	—	—
Miscellaneous	1,765	1,765	—	—	—	—	—	—
Total Expenses	2,567,382	2,230,189	132,182	44,934	102,950	14,334	5,791	37,002
Change In Net Assets From Operating Activities	—	—	—	—	—	—	—	—
Pension-Related Benefits (Costs) Other Than Net Periodic Pension Cost	—	—	—	—	—	—	—	—
Change In Net Assets	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—	—
Net Assets								
Beginning of year	—	—	—	—	—	—	—	—
End of year	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**SCHEDULE OF INDIRECT COST RATE
For The Year Ended December 31, 2016**

Description	Total Costs	Unallowable Costs	Allowable Costs
Supporting Services Management And General			
Salaries	\$ 1,082,752	\$ 94,792	\$ 987,960
Employee health and retirement benefits	222,373	8,615	213,758
Payroll taxes	83,748	2,661	81,087
Assistance to individuals	9,015	—	9,015
Occupancy	62,022	—	62,022
Supplies	80,833	—	80,833
Professional fees	96,824	12,874	83,950
Local transportation	12,447	—	12,447
Telephone	20,131	—	20,131
Awards and grants	29	—	29
Conferences and meetings	65,114	42,404	22,710
Travel	30,901	—	30,901
Rental and equipment maintenance	99,328	—	99,328
Printing and publications	(123)	—	(123)
Insurance	18,113	—	18,113
Postage and shipping	4,470	—	4,470
Membership dues	9,962	—	9,962
Dues to national organization	15,275	—	15,275
Depreciation	142,267	—	142,267
Total general overhead	\$ 2,055,481	\$ 161,346	\$ 1,894,135
Direct Program Costs			\$ 16,136,843
Indirect Cost Rate			<u>11.74%</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

NOTES TO SCHEDULE OF INDIRECT COST RATE

December 31, 2016

1. Basis Of Accounting

The Schedule of Indirect Cost Rate (the Schedule) is prepared on the basis of accounting practices prescribed by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Accordingly, the Schedule is not intended to present general overhead and the indirect cost rate in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, the allowable costs included in the above-mentioned schedule do not include any costs which are unallowable under the above cost principles, including but not limited to advertising and public relation costs, contributions and donations not specifically required by a contract, entertainment costs, fines, penalties, lobbying costs, and goodwill amortization or other such costs as defined by the Uniform Guidance.

The preparation of the Schedule necessarily requires management to make estimates and assumptions that affect the reported amounts of expense during the reporting period. Actual results could differ from those estimates.

2. Definition Of Terms

Direct Program Costs

Represent any expense which is incurred by the League that is specifically identified and used by a program of the League. Direct program costs exclude capital expenditures (buildings, individual items of equipment; alterations and renovations). Fringe benefits applicable to direct salaries and wages are treated as direct costs. Sick leave, holiday, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for salaries and wages. Separate claims for these absences are not made. Vacation pay is accrued and charged the same as other fringe benefits.

General Overhead

Includes any management, financial and other indirect expense which is incurred by the League for the general management and operation of all programs as a whole.

Unallowable Costs

The League identifies unallowable costs through a post-year end analysis. Unallowable costs are defined under the Uniform Guidance.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**WEATHERIZATION PROGRAM SCHEDULE OF REVENUE AND EXPENDITURES
For The Period Beginning January 1, 2015 And Ended December 31, 2016**

Program	Dept of Energy Weatherization	Dept of Energy Weatherization	Ameren MO Weatherization	Ameren MO Weatherization	LIHEAP Weatherization	LIHEAP Weatherization	Laclede Gas Weatherization	Laclede Gas Weatherization	Utilicare Weatherization
Subgrantee Number	G-15-EE0006164-3-0	G-16-EE0006164-4-0	G16-14-0258-1-08	G17-14-0258-2-08	G-16-LIHEAP-16-08	G-17-LIHEAP-17-08	G16-10-0171-5-08	G17-10-0171-6-08	G-16-Utilicare-16B-08
Program Year Ended	6/30/2016	6/30/2017	10/31/2016	10/31/2017	9/30/2016	9/30/2017	10/31/2016	10/31/2017	7/31/2017
Energy Center									
Beginning Agency									
Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grant income	335,829	272,898	273,328	35,734	573,049	216,178	223,325	28,863	32,718
Expenditures									
Administration	33,583	13,261	27,333	3,573	28,652	10,961	22,333	2,886	3,272
Insurance	1,216	446	775	—	5,159	383	549	—	598
Program operations	271,103	242,512	243,220	32,161	533,319	204,499	198,643	25,977	28,848
Other	15,291	14,735	2,000	—	3,000	335	1,800	—	—
Training and technical assistance	14,636	1,944	—	—	2,919	—	—	—	—
Total expenditures	335,829	272,898	273,328	35,734	573,049	216,178	223,325	28,863	32,718
Ending Agency									
Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Subgrantee									
Beginning Agency									
Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grant income	335,829	272,898	273,328	35,734	573,049	216,178	223,325	28,863	32,718
Expenditures									
Administration	33,583	13,261	27,333	3,573	28,652	10,961	22,333	2,886	3,272
Insurance	1,216	446	775	—	5,159	383	549	—	598
Program operations	271,103	242,512	243,220	32,161	533,319	204,499	198,643	25,977	28,848
Other	15,291	14,735	2,000	—	3,000	335	1,800	—	—
Training and technical assistance	14,636	1,944	—	—	2,919	—	—	—	—
Total expenditures	335,829	272,898	273,328	35,734	573,049	216,178	223,325	28,863	32,718
Ending Agency									
Fund Balance	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**WEATHERIZATION PROGRAM FUND BALANCE RECONCILIATION
For The Period Beginning January 1, 2015 And Ended December 31, 2016**

Program	Dept of Energy Weatherization	Dept of Energy Weatherization	Ameren MO Weatherization	Ameren MO Weatherization	LIHEAP Weatherization	LIHEAP Weatherization	Laclede Gas Weatherization	Laclede Gas Weatherization	Utilicare Weatherization
Subgrantee Number	G-15-EE0006164-3-0	G-16-EE0006164-4-0	G16-14-0258-1-08	G17-14-0258-2-08	G-16-LIHEAP-16-08	G-17-LIHEAP-17-08	G16-10-0171-5-08	G17-10-0171-6-08	G-16-Utilicare-16B-08
Program Year Ended	6/30/2016	6/30/2017	10/31/2016	10/31/2017	9/30/2016	9/30/2017	10/31/2016	10/31/2017	7/31/2017
Beginning Agency Fund Balance (Carryover)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Grant revenue received during program year	335,829	272,898	273,328	35,734	573,049	216,178	223,325	28,863	32,718
Less expenditures during program year	335,829	272,898	273,328	35,734	573,049	216,178	223,325	28,863	32,718
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, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended	Expenditures To Sub-Recipients
Department of Housing and Urban Development:				
Passed-through the City of St. Louis, Community Development Administration - Ready to Work & Residential Leadership Training	14.218	15-11-64	\$ 30,000	\$ —
Passed-through National Urban League - Housing and Urban Development	14.169	n/a	31,123	—
Passed-through City of St. Louis-St. Louis Agency on Training and Employment (SLATE) - Jobs Plus Grant	14.895	751-16	5,097	—
Total Department of Housing and Urban Development			<u>66,220</u>	—
Department of Treasury:				
Passed-through National Urban league - Foreclosure Mitigation	21.000	PL110-161: 95X1350	30,089	—
Total Department of Treasury			<u>30,089</u>	—
Department of Labor:				
Workforce Development:				
Passed-through the St. Louis County Department of Human Services/Workforce Development - WIA Youth Program	17.259	5295	254,619	—
Total Department of Labor			<u>\$ 254,619</u>	\$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

For The Year Ended December 31, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended	Expenditures To Sub-Recipients
Department of Homeland Security:				
Emergency Food and Shelter Program - Cluster				
Passed-through the United Way of America:				
Emergency Food and Shelter - St. Clair County	97.024	21-2542-00-007	\$ 5,791	\$ —
Emergency Food and Shelter - City of St. Louis	97.024	21-5516-00-013	14,334	—
Emergency Food and Shelter - St. Louis County	97.024	21-5476-00-007	37,002	—
Total CFDA #97.024			<u>57,127</u>	<u>—</u>
Total Department of Homeland Security			<u>57,127</u>	<u>—</u>
Department of Energy:				
Passed-through the State of Missouri Department of Natural Resources - Weatherization	81.042	G-15-EE0006164-3-08	47,486	—
Passed-through the State of Missouri Department of Natural Resources - Weatherization	81.042	G-16-EE0006164-4-08	288,525	—
Total CFDA #81.042			<u>336,011</u>	<u>—</u>
Total Department of Energy			<u>336,011</u>	<u>—</u>
Department of Agriculture:				
Passed-through the State of Missouri Department of Health and Senior Services - Head Start USDA Reimbursement	10.558	ERS46-11 1171	357,220	—
Passed-through Area Resources for Community and Human Services	10.559	FY16-144	<u>68,393</u>	<u>—</u>
Total Department of Agriculture			<u>\$ 425,613</u>	<u>\$ —</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*

For The Year Ended December 31, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended	Expenditures To Sub-Recipients
Department of Health and Human Services:				
Passed-through St. Louis County Department of Human Services, Workforce Development - State Parks Youth Corps (SPYC)	93.558	26070 (5295)	\$ 55,610	\$ —
Passed-through St. Louis County Department of Human Services, Workforce Development - Summer Job League 2015 (TANF)	93.558	26040 (5295)	716,596	—
Total CFDA #93.558			<u>772,206</u>	—
Passed-through the State of Missouri Department of Social Services - LIHEAP	93.568	G-11BIMOLIEA	2,230,189	—
Passed-through the State of Missouri Department of Natural Resources - Weatherization LIHEAP	93.568	G-16-LIHEAP-16-08	333,254	—
Passed-through the State of Missouri Department of Natural Resources - Weatherization LIHEAP	93.568	G-17-LIHEAP-17-08	225,644	—
Total CFDA #93.568			<u>2,789,087</u>	—
Headstart Cluster				
Passed-through YWCA-Head Start	93.600	07CH0423-001	2,848,725	—
Head Start	93.600	07CH01038301	2,286,998	—
Head Start	93.600	07CH01015402	2,797,502	—
Head Start	93.600	07CH01015403	356,570	—
Total CFDA #93.600			<u>8,289,795</u>	—
Total Department of Health and Human Services			<u>11,851,088</u>	—
Total Expenditures of Federal Awards			<u>\$ 13,020,767</u>	<u>\$ —</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

NOTES TO SCHEDULE OF FEDERAL AWARDS For The Year Ended December 31, 2016

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, 2016. 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	2016
Catalog of Federal Domestic Assistance (CFDA) Number	93.568
CFDA Grant Name	Low Income Home Energy Assistance Program

Grant Year FFY 2016

Grant Award (federal funds passed through)	\$ 2,230,189
Nonfederal matching funds required to be provided by subrecipient	—
Nonfederal matching funds provided by the Department of Social Services	—
Total contract amount grant year FFY2015	<u>\$ 2,230,189</u>

**Independent Auditors' Report On
Internal Control Over Financial
Reporting And On Compliance And Other
Matters Based On An Audit Of
Financial Statements Performed In Accordance
With *Government Auditing Standards***

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) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise The Urban League of Metropolitan St. Louis, Inc.'s basic financial statements, and have issued our report thereon dated June 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the League's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. 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 in internal control* 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 in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the League's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The 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

June 30, 2017

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, 2016. 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, 2016.

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 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.

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

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

June 30, 2017

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2016**

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 x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ___ yes x 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 x 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? x yes ___ no

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)

For The Year Ended December 31, 2016

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, 2016

None