

JACKSONVILLE URBAN LEAGUE, INC.

FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEAR ENDED SEPTEMBER 30, 2013

JACKSONVILLE URBAN LEAGUE, INC.

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Harbeson, Fletcher & Bateh, LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

May 29, 2014

To the Board of Directors of
Jacksonville Urban League, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Jacksonville Urban League, Inc. which comprise the statements of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jacksonville Urban League, Inc. as of September 30, 2013, and the changes in its net assets and its cash flows for the year 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 and state financial assistance and related notes, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the State of Florida Office of the Auditor General, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of Support and Expenses – Budget and Actual is also presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2014, on our consideration of Jacksonville Urban League, 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 Jacksonville Urban League, Inc.'s internal control over financial reporting and compliance.

Harbeson, Fletcher & Bates, LLP

JACKSONVILLE URBAN LEAGUE, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2013

ASSETS

CURRENT ASSETS:

Cash	\$ 141,380
Certificates of deposit	91,553
Grants and contracts receivable	894,083
Other receivables	44,810
Prepaid expenses	<u>16,529</u>
Total Current Assets	<u>1,188,355</u>

PROPERTY AND EQUIPMENT:

Equipment and leasehold improvements	155,566
Accumulated depreciation	<u>(155,566)</u>
Total Property and Equipment, Net	<u>-</u>

\$1,188,355

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 4,397
Accrued payroll and payroll taxes	30,842
Accrued expenses	40,466
Deferred revenue	<u>10,500</u>
Total Current Liabilities	<u>86,205</u>

NET ASSETS:

Unrestricted:	
Undesignated	973,556
Board designated	<u>128,594</u>
Total Net Assets	<u>1,102,150</u>

\$1,188,355

See Accompanying Notes and Independent Auditor's Report.

JACKSONVILLE URBAN LEAGUE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2013

UNRESTRICTED NET ASSETS

Support:

Government grants	\$13,082,338
Other grants	158,538
Donations	157,030
Fundraising	61,195
Interest and other	1,772
Loss on disposal of assets	(343,629)
In-kind contributions	<u>1,043,051</u>
Total support	<u>14,160,295</u>

Expenses:

Program services:	
Head Start	9,588,623
U.S. Department of Agriculture	1,697,651
Voluntary Pre-kindergarten Education Program	891,637
Youth Crime Prevention	232,179
Black on Black Crime Prevention	43,676
Community Partnership	144,229
National Urban League:	
Housing Counseling	36,319
National Foreclosure Mitigation Counseling	11,197
Other	21,661
State Housing Initiative Partnership	21,852
Other Programs	<u>10,342</u>
	12,699,366
Support services:	
Administration	1,211,313
Fundraising	<u>293,498</u>
Total expenses	<u>14,204,177</u>

Decrease in Net Assets (43,882)

Net Assets, Beginning of Year 1,146,032

Net Asset, End of Year \$ 1,102,150

See Accompanying Notes and Independent Auditor's Report.

JACKSONVILLE URBAN LEAGUE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in net assets	\$(43,882)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Depreciation	7,172
Loss on disposal of assets	343,629
(Increase) decrease in operating assets:	
Grants and contracts receivable	(26,751)
Other receivables	(37,400)
Prepaid expenses	318,999
Certificates of deposit	19,364
Increase (decrease) in operating liabilities:	
Accounts payable	(27,536)
Accrued payroll and payroll taxes	(592,770)
Accrued expenses	(10,005)
Deferred revenue	<u>(10,230)</u>
Net cash used in operating activities	<u>(59,410)</u>
NET DECREASE IN CASH	(59,410)
CASH, BEGINNING OF YEAR	<u>200,790</u>
CASH, END OF YEAR	<u>\$141,380</u>

See Accompanying Notes and Independent Auditor's Report.

JACKSONVILLE URBAN LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013

Note 1 – Summary of Significant Accounting Policies

Organization

Jacksonville Urban League, Inc. (the Organization) is a non-profit organization engaged in the administration of federal, state, and local grants intended to aid in the reduction of the effects of poverty on the economically disadvantaged. It is all dependent on contributions and grants as its sources of funds. All of its services and programs are provided in the northeast Florida area.

Basis of Financial Statement Presentation

The Organization's financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There were no temporarily or permanently restricted net assets at September 30, 2013.

Income Taxes

The Organization is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Expenditures for consumable supplies and equipment purchases are charged directly to program operations if the grantor holds title or has a reversionary interest in these items. All other expenditures of property and equipment in excess of \$5,000 are capitalized. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets.

Recognition of Grantor/Donor Restrictions

Support that is restricted by the grantor/donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other grantor/donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Management Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, management has evaluated subsequent events through May 29, 2014, the date financial statements were available to be issued.

Note 2 – Concentration of Credit Risks

At times, cash balances held at financial institutions were in excess of FDIC insurance limits. The Organization maintains all of its cash investments with high-credit, quality financial institutions. The Organization did not have any excess of federally insured limits at September 30, 2013.

A significant portion (77%) of the Organization's revenue was earned through the Department of Health and Human Services in conjunction with the Head Start Program.

Note 3 – Grants and Contracts Receivable

Grants and contracts receivable at September 30, 2013 are summarized as follows:

U.S. Department of Health and Human Services -	
Head Start program	\$860,873
City of Jacksonville – SHIP Program	18,210
National Urban League	<u>15,000</u>
	<u>\$894,083</u>

Note 4 – Donated Supplies, Facilities, Equipment and Services

Significant services, supplies, equipment and facilities are donated to the Organization by various individuals and other Organizations. Donated materials and facilities were recorded at fair market value at the date of donation, and have been included in support and expenses for the year.

Donated non-professional services have not been recognized in the Statement of Activities because the criteria for recognition under FASB ASC 908-605-25-16 have not been satisfied. This value is based on time sheets maintained on the volunteers, using reasonable rates. Both recognized and unrecognized donations are summarized as follows:

	<u>Head Start</u>
Professional services	\$ 315,566
Facilities	642,145
Consumables, supplies and equipment	<u>85,340</u>
Total in-kind contributions reflected in Statement of Activities	1,043,051
Non-professional services	<u>284,577</u>
Total in-kind contributions	\$1,327,628

Note 5 – Retirement Plan

The Organization has established a tax-deferred annuity for all eligible employees. Employees become eligible upon completion of one year of service. Employer contributions are 5% of eligible employee salaries. Employer contributions vest after three years of service. Employees are allowed to contribute up to 15% of their salary, subject to IRS maximum contribution limits.

The Organization incurred \$394,891 in retirement costs for the year ended September 30, 2013.

Note 6 – Financial Instruments

The Organization's financial instruments consists of cash and cash equivalents, accounts receivable, accounts payable and accrued expenses. It is management's opinion that the Organization is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise noted, the fair values of these financial instruments are the market values of these financial instruments, and approximate their carrying values.

Note 7 – Fundraising Expense

Total fundraising expense for the year ended September 30, 2013 was \$293,498. Fundraising expenses relate to the annual Equal Opportunity Luncheon.

Note 8 – Leases

The Organization leases facilities, various office equipment and vehicles under operating leases. Minimum lease commitments outstanding under operating leases at September 30, 2013 are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2014	<u>\$3,382</u>

Total rental expense was \$338,608 for the year ended September 30, 2013.

Note 9 – Compensated Absences

Annual Leave – Full-time employees accrue annual leave at rates that vary based on years of service. Annual leave accrued is required to be paid upon termination and, accordingly, has been recorded as a liability. Accrued annual leave totaled \$13,085 at September 30, 2013.

Sick Leave – Full-time employees accrue sick leave at rates that vary based on years of service. Sick leave accrued is not required to be paid upon termination and, accordingly, has not been recorded as a liability.

Note 10 – Related Parties

The Organization has an affiliation with the Jacksonville Urban League Economic and Community Development Foundation, Inc. (Foundation). The Organization rents its administrative office space and one Head Start Center from the Foundation. Rent paid was \$120,488 for the year ended September 30, 2013.

Note 11 – Contingencies

Grants and contracts require the fulfillment of certain conditions set forth in the grant or contract. Failure to fulfill the conditions could result in the return of funds to the grantors. In April 2013, the Organization was notified by the Department of Health and Human Services that they were removing the Head Start program from the Organization effective April 19, 2013. The Organization has appealed the decision with no success. As mentioned in Note 2, the Head Start program represents 77% of the Organization's revenue. As a result of this event, the Organization terminated all employees related to the Head Start Program and implemented cost cutting measures. The Organization's plan currently is to continue operating the remaining programs while applying for new grants and reduce expenses to remain profitable.

The Organization, in the normal course of business, is subject to claims and litigation. Although the ultimate disposition of these legal matters cannot be predicted with certainty, it is the present opinion of the Organization's management that the outcome of the current litigation will not have a material effect on the financial condition of the Organization.

Note 12 – Schedule of Receipts and Expenditures – City of Jacksonville

City of Jacksonville – Jacksonville Early Learning Program:

Receipt of Funds

Grant Number	4192-54
Grant Period	<u>10/1/11-9/30/12</u>
Amount of Award	\$120,269
Funds received – prior audit period	(55,943)
Fund received – current audit period	<u>(64,315)</u>
Amount remaining	<u>\$ 11</u>

Expenditure of Funds

Grant Number 4192-54:

<u>Budget Item</u>	<u>Budget</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total</u>	<u>Remaining Balance</u>
Salaries & benefits	\$ 52,017	\$ 52,013	\$ -	\$ 52,013	\$ 4
Management & general	11,751	11,751	-	11,751	-
Program supplies	11,677	11,677	-	11,677	-
Equipment rental	3,000	3,000	-	3,000	-
Insurance	1,500	1,500	-	1,500	-
Telephone	4,295	4,294	-	4,294	1
Learning materials and training	8,803	8,799	-	8,799	4
Staff travel (non-amusement)	2,063	2,062	-	2,062	1
Office expenses	2,217	2,217	-	2,217	-
Program consultants	<u>22,946</u>	<u>22,945</u>	<u>-</u>	<u>22,945</u>	<u>1</u>
Total	<u>\$120,269</u>	<u>\$120,258</u>	<u>-</u>	<u>\$120,258</u>	<u>\$11</u>



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**INDEPENDENT AUDITOR'S 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**

May 29, 2014

To the Board of Directors of
Jacksonville Urban League, Inc.

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 Jacksonville Urban League, Inc., which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 29, 2014.

Internal Control Over Financial Reporting

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

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

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

To the Board of Directors of
Jacksonville Urban League, Inc.
May 29, 2014
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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harbeson, Fletcher & Bateh, LLP



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

May 29, 2014

To the Board of Directors of
Jacksonville Urban League, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited Jacksonville Urban League, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of Jacksonville Urban League, Inc.'s major federal programs and state projects for the year ended September 30, 2013. Jacksonville Urban League, Inc.'s major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jacksonville Urban League, Inc.'s major federal programs and state projects 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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 or state project occurred. An audit includes examining, on a test basis, evidence about Jacksonville Urban League, Inc.'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 and state project. However, our audit does not provide a legal determination of Jacksonville Urban League, Inc.'s compliance.

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Jacksonville Urban League, Inc.
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Opinion on Each Major Federal Program and State Project

In our opinion, Jacksonville Urban League, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2. Our opinion on each major federal program and state project is not modified with respect to these matters.

Jacksonville Urban League, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Jacksonville Urban League, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Jacksonville Urban League, 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 Jacksonville Urban League, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project 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 state project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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 Jacksonville Urban League, Inc.'s internal control over compliance.

Board of Directors of
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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 or state project 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 or state project 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 or state project 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 designated to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-1 and 2013-2 that we consider to be significant deficiencies.

Jacksonville Urban League, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Jacksonville Urban League, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Harbeson, Fletcher & Bateh, LLP

SUPPLEMENTAL INFORMATION

JACKSONVILLE URBAN LEAGUE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2013

FEDERAL AWARDS

<u>Federal/State Agency, Pass-through Entity/ Federal Program/State Project</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Direct program:</i>			
Head Start Grant	93.600	04CH0592/17	\$10,930,561
<u>U.S. Department of Agriculture</u>			
<i>Passed through State of Florida</i>			
<i>Department of Health:</i>			
Child and Adult Care Food Program	10.558	S-0367	911,355
Child and Adult Care Food Program	10.558	S-3495	23,082
<u>U.S. Department of Housing and Urban Development</u>			
<i>Passed through National Urban League:</i>			
Housing Counseling Assistance Program	14.169		15,000
<u>U.S. Department of the Treasury</u>			
<i>Passed through National Urban League:</i>			
National Foreclosure Mitigation Counseling	21.000		<u>1,057</u>
Total Expenditures of Federal Awards			<u>\$11,881,055</u>

See Accompanying note to Schedule of Expenditures of Federal Awards and State Financial Assistance.

JACKSONVILLE URBAN LEAGUE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2013

STATE FINANCIAL ASSISTANCE

<u>Federal/State Agency, Pass-through Entity/ Federal Program/State Project</u>	<u>CSFA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
<u>State of Florida, Department of Legal Affairs and Attorney General</u>			
<i>Passed through Broward County Urban League:</i>			
Youth Crime Prevention and Intervention	41.005		\$ 280,805
Black-On-Black Crime Prevention	41.012		46,532
<u>State of Florida, Department of Education and Commissioner of Education</u>			
<i>Passed through Early Learning Coalition of Duval County:</i>			
Voluntary Pre-Kindergarten Education Program	48.108		783,945
<u>State of Florida, Florida Housing Finance Corporation</u>			
<i>Passed through City of Jacksonville:</i>			
State Housing Initiative Partnership Program	52.901		<u>30,000</u>
Total Expenditures of State Financial Assistance			<u>\$1,141,282</u>

See Accompanying note to Schedule of Expenditures of Federal Awards and State Financial Assistance.

JACKSONVILLE URBAN LEAGUE, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
YEAR ENDED SEPTEMBER 30, 2013

Note 1 – Basis of Accounting:

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of Jacksonville Urban League, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

JACKSONVILLE URBAN LEAGUE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL PROGRAMS AND STATE PROJECTS
YEAR ENDED SEPTEMBER 30, 2013

Section A – Summary of Auditor’s Results:

1. The auditor’s report expresses an unmodified opinion on the (general purpose) financial statements of Jacksonville Urban League, Inc.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Jacksonville Urban League, Inc. which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. Two significant deficiencies in internal control over major federal award programs or state projects disclosed during the audit are reported in this schedule. No material weaknesses are reported.
5. The auditor’s report on compliance for the major federal award programs and state projects for Jacksonville Urban League, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 and Section 215.97, Florida Single Audit Act, are reported in this schedule.
7. The Federal programs tested as a major program:
 U.S. Department of Health and Human Services:
 Head Start, CFDA #93.600
The State projects tested as a major program:
 State of Florida, Department of Education and Commissioner of Education through Early Learning
 Coalition of Duval County:
 Voluntary Pre-Kindergarten Education Program, CSFA #48.108
8. Determination of Type A programs were defined as programs with total federal expenditures greater than \$356,432 and state expenditures greater than \$300,000 for the year under audit. All other programs were defined as Type B programs.
9. Jacksonville Urban League, Inc. was determined to be a low-risk auditee pursuant to OMB Circular A-133.
10. A management letter was not required under Section 215.97, *Florida Statutes*, because there were no findings required to be reported and a Summary Schedule of Prior Audit Findings was not required because there were no prior audit findings related to Federal programs or State projects.

Section B – Findings – Financial Statement Audit:

None – as stated in Section A above.

Section C – Findings and Questioned Costs – Major Federal Award Program and State Project Audit:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Head Start Grant – CFDA 93.600

2013-1	<p>Grant No. 04CH0592/17 – Year ended September 30, 2013</p> <p><i>Condition and Criteria:</i> Selected student files could not be located to test eligibility for the program; therefore it could not be determined if selected student was eligible for the program.</p> <p><i>Effect:</i> Student might not meet eligibility requirements for the program and therefore considered a questioned cost.</p> <p><i>Cause:</i> The Organization had its Head Start program removed during the year and student files were turned over to an interim agency to run the program. During this process the Organization lost control over the student files.</p> <p><i>Context:</i> A sample of 35 student files were selected for audit from a population of 2,633. Of the 35 selected 15 could not be located.</p> <p><i>Auditor's Recommendation:</i> The Organization should have maintained control of all student files or made copies of all student files that verify eligibility in the program.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions:</i> The Office of Head Start without warning summarily suspended the operation of Head Start and Early Head Start programs by the Jacksonville Urban League, Inc. The position of the Management team at the Jacksonville Urban League, Inc. was to make the transition to the interim guarantee as smooth as possible to avoid interruption of service to our children and their families. The Office of Head Start did not provide any technical assistance during this transition; the interim grantee hired most of program staff and some fiscal staff leaving minimal number of staff for the closeout period. Historically, the Jacksonville Urban League, Inc. has had an excellent record with eligibility testing; both with Federal, State and Local governments including independent audits. The program during its sixteen years of operation has had no finding as it relates to eligibility of children in the Head Start and Early Head Start programs. Thirty-five files were picked for testing, out of which the fifteen files that were located met the necessary eligibility requirement. This is an unusual issue which was handled the very best way we knew how to without incurring unnecessary cost.</p>
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STATE OF FLORIDA, DEPARTMENT OF EDUCATION AND COMMISSIONER OF EDUCATION

Voluntary Pre-Kindergarten Education Program – CSFA 48.108

2013-2	<p>2012-2013 School Year</p> <p><i>Condition and Criteria:</i> Child Attendance and Parental Choice Certificate (Form AWI-VPK03L) could not be located to verify selected student's attendance in the program.</p> <p><i>Effect:</i> Student may not have been in attendance, therefore considered a questioned cost.</p> <p><i>Cause:</i> The Organization had its VPK program removed during the year and student records were turned over to an interim agency to run the program. During the process the Organization lost control of the student records.</p> <p><i>Context:</i> A sample of 16 student records were selected for audit from a population of 1,228. Of the 16 selected 16 could not be located.</p> <p><i>Auditor's Recommendation:</i> The Organization should have maintained control of all student records or made copies of all student records that verify attendance in the program.</p> <p><i>Views of Responsible Officials and Planned Corrective Actions:</i> The Jacksonville Urban League, Inc. Head Start and Early Head Start program was suspended by the Office of Head Start. The population of Head Start children included the Pre-Kindergarten children. During the transition to the interim grantee, the management team concerned itself with ensuring no interruption of services for our children and their families. The Jacksonville Urban League, Inc. teams with its staff work diligently to transfer students and staff files to the Interim grantee, but were not afforded the same courtesy upon request to have the files for audit. Historically, the Jacksonville Urban League, Inc. has had no findings or corrective action regarding VPK students' attendance. We pride ourselves with ensuring that Form AWI-VPK03L was completed timely by parents. The audit situation is unusual and one that we had no absolute control over.</p>
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JACKSONVILLE URBAN LEAGUE, INC.
SCHEDULE OF SUPPORT AND EXPENSES – BUDGET AND ACTUAL
HEAD START GRANT NUMBER 04CH0592/17
CONTRACT PERIOD 10/01/12 TO 09/30/13

	<u>Approved Budget</u>	<u>Actual</u>	<u>(Over) Under</u>
Support			
HHS funds awarded	\$12,190,477	\$10,930,561	\$1,259,916
Grantee's contributions:			
In-kind	<u>3,047,620</u>	<u>1,043,045</u>	<u>2,004,575</u>
Total support	<u>15,238,097</u>	<u>11,973,606</u>	<u>3,264,491</u>
Expenses			
Direct costs:			
Personnel	6,439,014	5,709,799	729,215
Fringe benefits	1,717,356	1,674,120	43,236
Travel	63,850	28,945	34,905
Supplies	266,883	182,708	84,175
Contractual	421,000	460,103	(39,103)
Other costs	999,792	1,287,248	(287,456)
USDA costs	<u>1,108,189</u>	<u>782,523</u>	<u>325,666</u>
Total direct costs	11,016,084	10,125,446	890,638
Indirect costs	<u>1,174,393</u>	<u>805,115</u>	<u>369,278</u>
Total HHS funds	<u>12,190,477</u>	<u>10,930,561</u>	<u>1,259,916</u>
Grantee's Share			
Personnel	679,997	-	679,997
Professional services	340,000	315,560	24,440
Facilities	1,840,123	642,145	1,197,978
Consumables, supplies, and equipment	102,500	85,340	17,160
Other	<u>85,000</u>	<u>-</u>	<u>85,000</u>
Total grantee's share	<u>3,047,620</u>	<u>1,043,045</u>	<u>2,004,575</u>
Total expenses	<u>15,238,097</u>	<u>11,973,606</u>	<u>3,264,491</u>
Support over Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>