

URBAN LEAGUE OF BROWARD COUNTY, INC.
(A NONPROFIT ORGANIZATION)

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
THEREON FOR THE YEARS ENDED
JUNE 30, 2018 & 2017 AND
REPORTS REQUIRED BY OMB UNIFORM
GUIDANCE, AND CHAPTER 10.650 RULES OF THE
AUDITOR GENERAL
FOR THE YEAR ENDED JUNE 30, 2018**

**BCA WATSON RICE LLP
Certified Public Accountants
And
Advisors**

URBAN LEAGUE OF BROWARD COUNTY, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR’S REPORTS THEREON
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017
AND
REPORTS REQUIRED BY OMB UNIFORM GUIDANCE AND CHAPTER 10.650 RULES OF
THE AUDITOR GENERAL FOR THE YEAR ENDED JUNE 30, 2018

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Independent Auditor's Report

Board of Directors
Urban League of Broward County, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Urban League of Broward County, Inc. and its subsidiaries ("ULBC"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ULBC and its subsidiaries as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by 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); and Chapter 10.650, Rules of the Auditor General. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion; the schedule of expenditures of federal awards and state financial assistance, and the supplemental consolidated of functional expenses are 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 October 24, 2018 on our consideration of ULBC'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ULBC's 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 ULBC's internal control over financial reporting and compliance.

Fort Lauderdale, Florida
October 24, 2018

BCA Watson Rice LLP

Urban League of Broward County, Inc.
Consolidated Statements of Financial Position
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,045,762	\$ 2,891,663
Restricted cash	5,965,522	6,544,670
Investments	2,866,678	2,747,983
Grants receivable	1,011,388	660,552
Pledges receivable - current	11,500	200,637
Prepaid and other assets	76,106	32,538
Total Current Assets	<u>12,976,956</u>	<u>13,078,043</u>
Non-Current Assets		
Pledges receivable - non-current	53,715	80,215
SB Loan Fund Receivable	500,000	500,000
Investments	94,687	93,279
Property and equipment, net	6,122,765	6,358,850
Housing inventory	1,636,365	1,133,646
Bond issue cost	99,509	107,151
Total Non-current Assets	<u>8,507,041</u>	<u>8,273,141</u>
Total Assets	<u>\$ 21,483,997</u>	<u>\$ 21,351,184</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 484,443	\$ 787,795
Accrued payroll	132,532	141,921
Accrued vacation	106,624	98,152
Refundable advances and deferred revenue	931,400	716,826
Fiscal agent payable	175,965	145,741
Infill construction line of credit	122,385	-
CEC Construction loan payable - current	150,507	151,190
Small business loan fund - Accrued interest	21,391	20,349
Total Current Liabilities	<u>2,125,247</u>	<u>2,061,974</u>
Non-current Liabilities:		
NSP loan covenant	1,047,178	1,047,178
CEC Construction loan payable	2,761,580	2,911,415
Small business loan fund	1,250,000	1,250,000
Total Non-current Liabilities	<u>5,058,758</u>	<u>5,208,593</u>
Total Liabilities	<u>7,184,005</u>	<u>7,270,567</u>
Net Assets		
Permanently restricted	232,899	204,675
Temporarily restricted	6,177,282	7,031,257
Unrestricted - board designated	750,000	750,000
Unrestricted - undesignated	7,139,811	6,094,685
Total Net Assets	<u>14,299,992</u>	<u>14,080,617</u>
Total Liabilities and Net Assets	<u>\$ 21,483,997</u>	<u>\$ 21,351,184</u>

Please see accompanying notes to the financial statements.

Urban League of Broward County, Inc.
Consolidated Statements of Activities

<i>Year ended June 30, 2018</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Federal grants	\$ 934,060	\$ -	\$ -	\$ 934,060
State grants	3,488,200	739,073	-	4,227,273
Broward County grants	1,034,347	-	-	1,034,347
Other private sector grants	40,929	-	-	40,929
United Way	257,603	-	-	257,603
Foundations	1,679,986	-	-	1,679,986
Contributions	745,886	-	-	745,886
Total Public Support	8,181,011	739,073	-	8,920,084
Revenue				
Special events	217,578	-	-	217,578
Rental income	197,206	-	-	197,206
Other revenue	97,977	-	-	97,977
Total Revenue	512,761	-	-	512,761
Total Public Support and Revenue	8,693,772	739,073	-	9,432,845
Expenses:				
Program services:				
Education	3,961,969	739,073	-	4,701,042
Housing	829,727	-	-	829,727
Jobs	1,525,487	-	-	1,525,487
Health	584,730	-	-	584,730
Small Business Initiatives	517,288	-	-	517,288
Total Program Services	7,419,201	739,073	-	8,158,274
Subsidiary services:				
CCCDC - Affordable Housing CHDO	323,976	-	-	323,976
Urban Pompano, Inc.	81,183	-	-	81,183
Urban Ventures, LLC	419,738	-	-	419,738
Total Subsidiary Services	824,897	-	-	824,897
Supporting Services				
Fund development	498,018	-	-	498,018
General and administration	99,493	-	-	99,493
Total Support Services	597,511	-	-	597,511
Total Expenses	8,841,609	739,073	-	9,580,682
Total Operating Activities	(147,837)	-	-	(147,837)
Non-operating Activities				
Capital campaign	99,364	-	-	99,364
Donated properties - in-kind	74,031	-	-	74,031
Investment income	157,630	7,963	28,224	193,817
Assets released from restriction	861,939	(861,939)	-	-
Total Changes in Net Assets	\$ 1,045,127	\$ (853,976)	\$ 28,224	\$ 219,375

Please see accompanying notes to the financial statements.

Urban League of Broward County, Inc.
Consolidated Statements of Activities

<i>Year ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Federal grants	\$ 1,258,431	\$ -	\$ -	\$ 1,258,431
State grants	5,005,431	-	-	5,005,431
Broward County grants	899,955	-	-	899,955
Other private sector grants	187,949	-	-	187,949
United Way	249,827	-	-	249,827
Foundations	1,191,710	-	-	1,191,710
Contributions	228,906	-	-	228,906
Total Public Support	9,022,208	-	-	9,022,208
Revenue				
Special events	305,215	-	-	305,215
Rental income	143,177	-	-	143,177
Other revenue	37,223	-	-	37,223
Total Revenue	485,615	-	-	485,615
Total Public Support and Revenue	9,507,823	-	-	9,507,823
Expenses:				
Program services:				
Education	4,392,791	-	-	4,392,791
Housing	631,915	-	-	631,915
Jobs	2,045,274	-	-	2,045,274
Health	802,504	-	-	802,504
Small Business Initiatives	918,451	-	-	918,451
Total Program Services	8,790,935	-	-	8,790,935
Subsidiary services:				
CCCDC - Affordable Housing CHDO	139,989	-	-	139,989
Urban Pompano, Inc.	13,150	-	-	13,150
Urban Ventures, LLC	464,950	-	-	464,950
Total Subsidiary Services	618,089	-	-	618,089
Supporting Services				
Community empowerment campaign	11,071	-	-	11,071
Fund development	452,130	-	-	452,130
General and administration	202,555	-	-	202,555
Total Support Services	665,756	-	-	665,756
Total Operating Activities	1,283,845	-	-	1,283,845
Total Expenses	10,074,780	-	-	10,074,780
Non-operating Activities				
Capital campaign	173,258	-	-	173,258
Donated properties - in-kind	99,838	127,970	-	227,808
Investment income	161,150	-	85,680	246,830
Release from restrictions	311,575	(311,575)	-	-
Adjustments to Net Assets	(1,903,304)	1,903,304	-	-
Total Non-Operating Activities	(1,157,483)	1,719,699	85,680	647,896
Total Changes in Net Assets	\$ (1,724,440)	\$ 1,719,699	\$ 85,680	\$ 80,939

Please see accompanying notes to the financial statements.

**Urban League of Broward County, Inc.
Consolidated Statements of Cash Flow
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 219,375	#REF!
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	297,290	282,691
Bad debt	-	87,473
Investment (gain)	(186,100)	(125,101)
Property and equipment	-	(90,646)
In-kind fixed assets additions	-	127,970
Changes in operating assets and liabilities:		
(Increase) decrease in operating assets:		
Grants receivable	350,836	2,080,928
Other receivables	-	-
Pledge receivables	(215,637)	475,750
Prepaid expenses	(43,568)	136,929
Increase (decrease) in operating liabilities:		
Accounts payables and accrued expenses	(304,269)	(206,797)
Refundable advance and deferred revenue	(214,574)	(80,065)
Net cash provided by operating activities	<u>(96,647)</u>	<u>#REF!</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(15,773)	(125,101)
Additions to furniture, fixtures and equipment	(39,737)	(51,245)
Net cash (used in) provided by investing activities	<u>(55,510)</u>	<u>(176,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payment on term note	-	(172,130)
Principal payments on the CEC construction loan	(150,507)	(139,444)
Line of Credit - Infill Lots	(122,385)	-
Small Business Loan Fund - Liability	-	-
Net cash used in financing activities	<u>(272,892)</u>	<u>(311,574)</u>
NET INCREASE IN CASH	(425,049)	#REF!
CASH AND CASH EQUIVALENTS, BEGINNING	#REF!	7,154,182
CASH AND CASH EQUIVALENTS, ENDING	<u>#REF!</u>	<u>#REF!</u>
DISPLAYED AS:		
Unrestricted	\$ 3,045,762	\$ 2,891,663
Restricted	5,965,522	6,544,670
Total	<u>\$ 9,011,284</u>	<u>\$ 9,436,333</u>

Please see accompanying notes to the financial statements.

NOTE 1. NATURE OF OPERATIONS

Organization

The Urban League of Broward County, (ULBC) was founded in 1974 as a not-for-profit social and human services organization by a diverse group of community leaders to alleviate some of the racial tensions brought on by forced desegregation of the county's public schools. The ULBC, which was given affiliate status in 1975 as the National Urban League's 94th affiliate, employs 77 employees and directly serves over 11,900 people annually. The ULBC is widely regarded as one of the most progressive Urban League affiliates in the nation.

Established in 1910, the National Urban League, headquartered in New York City, spearheads the non-partisan efforts of the 100 local affiliates. The National Urban League is the nation's oldest and largest community-based movement devoted to empowering African Americans.

The Urban League of Broward County has three subsidiaries, as follows:

- Central County Community Development Corporation (CCCDC), whose mission is to promote Housing and Economic Development in the central county area of Broward County, Florida;
- Urban Pompano is a housing project where ULBC acts as general partner to the OAKS at Pompano Complex and the percentage of ownership is 0.2% of the partnership; and
- Urban Ventures was formed in March 2010 as a Florida Limited Liability Company. The Company is organized exclusively for exempt purposes under section 501(c) (3) of the Internal Revenue Code of 1986 (the "Code") or the corresponding provision of any future United States Internal Revenue law. The Company is operated exclusively to further the charitable purposes of its members.

Mission

The mission of the Urban League of Broward County is to assist African Americans and other disenfranchised groups in the achievement of social and economic equality.

NOTE 1. NATURE OF OPERATIONS (Continued)

Strategies

Education – We value education as a key component for living a prosperous life. Our education and youth development programs provide young people with the critical skills they need to excel academically, avoid at-risk behavior and become engaged members in their communities. Tutoring, college preparation and leadership development are some of the many educational advancement tools offered.

Jobs - Designed to provide training and developmental skills necessary to enter, or re-enter the workforce and become economically self-sufficient. Program benefits include educational services, job placement, GED preparation and testing, employability skills training and child care services. Our Center for Working Families offers a full range of essential economic resources for low-income residents to help them succeed in the workforce, stabilize their finances and build assets.

Housing – We are dedicated to building thriving communities through strong economic infrastructure. Our housing programs offer families long-term sustainable solutions that focus on building assets through savings and homeownership. Our wealth accumulation services include financial literacy education, budgeting, credit counseling, homeownership, foreclosure prevention and loan modification.

Health - We believe that health and wellness education is the key to optimal growth for our children and families. Our health programs are designed to ensure that preventative care advances and vital health resources reach those who need them most.

Small Business Initiatives - We are committed to working collaboratively with various systems to improve the economic climate for small business, particularly minority owned firms throughout the State of Florida. Our small business services include education sessions, coaching, and source expert engagement, access to capital and opportunities for business expansion.

Governance

The Urban League of Broward County (ULBC) is governed by a 25-member Board of Directors. The members of the Corporate Board of Directors are committed volunteers who formulate policies, develop financial resources and monitor staff implementation of policies. The Governance Committee of the Board of Directors on an annual basis nominates those persons whom it believes should serve as the elected officers and members of the Board. The proposed slate is presented to the Board at the Annual Meeting of the Board. The Governance Committee endeavors to select members of the Board from a broad spectrum of community and business and recommends persons who evidence a commitment to, or on behalf of, the ULBC. The majority of the Board members present at the annual

NOTE 1. NATURE OF OPERATIONS (Continued)

meeting must vote in the affirmative for the slate to be approved. The 2017-2018 Urban League Board of Directors consisted of 25 members with staggered terms. Board members are elected initially for a one-year term, with option for renewal for a two-year term, followed by a three-year term and up to 4 one-year term extensions for a maximum of ten consecutive years. The Board has five standing committees (Executive, Governance, Board Relations, Finance, and Audit). In addition, the Board of Directors has ad hoc committees including Marketing, Stewardship, Investment Subcommittee, Human Resources, Government Relations, and Social Enterprise.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by ULBC and its Subsidiaries are described below.

Basis of presentation

The consolidated financial statements of the ULBC have been prepared on the accrual basis in accordance with U.S. generally accepted accounting principles (GAAP). The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) is the source of authoritative GAAP. Revenues are recorded when earned and realized/realizable. Expenses are recorded when materials are received or services are provided. Expenses incurred at fiscal year-end have been accrued and expenses applicable to future periods have been deferred.

Net assets are classified into three separate categories. The three net asset categories as reflected in the accompanying consolidating financial statements are as follows:

- Unrestricted – Net assets that are free of external restrictions; all revenues, gains, and losses that are not changes in permanently or temporarily restricted net assets. This category includes realized and unrealized gains on long-term investments not restricted by donors.
- Temporarily Restricted – Net assets whose use by ULBC is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled by actions of ULBC pursuant to those stipulations. Temporarily restricted net assets consist primarily of funds donated to be applied to capital campaign, certain programs and purchase of equipment for use in our new facilities.
- Permanently Restricted – Net assets whose use by ULBC is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the ULBC. Permanently restricted net assets as of June 30, 2018 were \$232,899 and June 30, 2017 amounted to \$204,765.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of consolidation

The consolidated financial statements include the accounts of Central County Community Development Corporation, Urban Pompano Inc. and Urban Ventures, all wholly owned subsidiaries of ULBC. These subsidiaries were created to provide low and middle income housing to families in Broward County. The results of their operations are reflected in the consolidated financial statements.

All significant inter-company accounts and transactions have been eliminated in the consolidation of the accounts of ULBC and its subsidiaries.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with a maturity date of less than three (3) months.

Grants receivable

Grants receivable represent reimbursable costs incurred and accrued but not yet received as of the year ended June 30, 2018 and 2017. ULBC considers grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If receivables become uncollectible, they will be charged to operations when that determination is made.

Promises to Give/Pledges Receivable

Contributions are recognized as revenue when they are received or unconditionally pledged. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. An allowance for uncollectible contributions is provided based upon management's judgment, including such factors as prior collection history, type of contribution and nature of fundraising activity.

Investments

Under FASB ASC 958-320-50-1 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position as unrealized gains or losses on investments not previously recognized.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Housing inventory

The properties are recorded pursuant to GAAP using the “Cost Recovery Method”.

Property and Equipment

ULBC capitalizes all expenditures for equipment in excess of \$1,000, or if donated, at fair market value (at date of gift) in excess of \$1,000. Property and equipment are depreciated using the straight-line method. Useful lives range from 5 to 20 years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. ULBC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ULBC reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Unamortized Bond Issuance Costs

Costs incurred in connection with bond issuances are being amortized on the effective-yield method over the lives of the respective bond. Amortization expense for the year ended June 30, 2018 was \$7,642 and June 30, 2017 was \$12,450.

Accrued vacation

ULBC’s vacation policy allows an employee to carry over unused vacation time to the next year in an amount equal to 50% of the annual amount being accrued as of the employee anniversary date. Upon termination, an employee who has been employed for one year or more is entitled to be paid 50% of the annual amount accrued on the termination date. ULBC’s obligation for accrued vacation amounts as of June 30, 2018 and 2017 was approximately \$106,624 and \$98,152, respectively, and is included in the accompanying consolidated financial statements.

Refundable advance

ULBC has recorded restricted grant awards as refundable advances for approximately \$931,400 and \$716,826 as of June 30, 2018 and 2017 respectively, until such awards are expended for the purpose of the grants at which time they become unconditional and are recognized as revenue. The amounts are included in restricted cash in the consolidated financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising costs

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2018 and 2017 was approximately \$56,808 and \$98,793, respectively.

Income Taxes

ULBC is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code (the "Code"), and is not considered a private foundation within the meaning of the Code. Donations to ULBC qualify for the charitable contributions deduction provided for under the Internal Revenue Code. Subsidiaries of the Urban League of Broward County in these financial statements are subject to tax except for Urban Ventures.

ULBC has adopted the provisions of FASB ASC 740 (formerly FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes – An Interpretation of FASB Statement No. 109 ("FIN 48")). Under ASC 740, ULBC must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more-likely-than-not that the position will be sustained. The adoption of ASC 740 had no impact on ULBC's consolidated financial statements. Management of ULBC does not believe there are any material uncertain tax positions and accordingly has not recognized any liability for unrecognized tax benefits. ULBC has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, ULBC has filed Internal Revenue Service Form 990 tax returns as required and all other applicable returns in those jurisdictions where it is required.

ULBC believes that it is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2011. However, ULBC is still open to examination by taxing authorities from fiscal year 2012 forward. For the year ended June 30, 2018 there were interest or penalties recorded or included in the consolidated statements of activities of approximately \$41,911.

Concentration of Credit Risk

Financial instruments, which potentially subject ULBC to significant concentrations of credit risk, consist principally of cash and cash equivalents, and investments. ULBC's bank account balances are insured up to \$250,000 per depositor accounts by the Federal Deposit Insurance Corporation (the "FDIC"), an independent agency of the United States government. ULBC cash accounts may exceed federally insured limits from time to time. A summary of total insured and uninsured cash balances follows:

	<u>2018</u>	<u>2017</u>
Total cash in bank	\$ 9,011,284	\$ 9,436,332
Less: Portion insured by FDIC	<u>(1,250,000)</u>	<u>(995,896)</u>
Uninsured balances	<u>\$ 7,761,283</u>	<u>\$ 8,440,436</u>

ULBC invests in a variety of publicly traded investment vehicles, including common stocks, government and money market funds totaling \$2,866,678 and \$2,747,983 as of June 30, 2018, and 2017, respectively. Management seeks to mitigate risks inherent in the investment portfolio by investing primarily in highly-rated financial instruments and through regular monitoring of the investment portfolio.

Management believes that ULBC is not exposed to any significant credit risk on its cash and cash equivalents. Furthermore, ULBC has not experienced any losses on its cash equivalents. In addition, the Organization's investments do not represent significant concentrations of market risk inasmuch as the Organization's investment portfolio is adequately diversified among issuers.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, grants receivable, other receivables, pledges receivable – current and accounts payables approximate fair value because of the short-term maturity of these financial instruments. The carrying amounts of pledges receivable-long term are recorded using the applicable discount rate in effect at the time the pledge was made.

The carrying amount of long-term debt approximates fair value because these financial instruments bear interest at rates that approximate current market rates for notes with similar maturities and credit quality.

Contributions of assets, other than cash (including housing inventory), are recorded at their estimated fair value at the date of the gift. Estimates of fair value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual results.

The fair value for investments and other financial instruments recorded at fair value on a recurring basis are included in Note 5.

Use of estimates

The preparation of consolidated financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers,” which establishes a comprehensive revenue recognition standard for virtually all industries in the U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASU 2015-4. “Revenue from Contracts with Customers (Topic 606) – Deferral of Effective Date,” which deferred the effective date for one year. Accordingly, the ASU will be effective for the Urban League for the fiscal year ending June 30, 2020. The Urban League is currently evaluating the effect the provisions of ASU 2014-09 will have on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)”. The guidance in these ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. The new standard is effective for the Urban League for the fiscal year ending June 30, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Urban League is currently evaluating the effect the provisions of ASU 2016-02 will have on the consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, “Statement of Cash Flows (Topic 230) – Classification of Certain Cash Receipts and Cash Payments” which addresses eight specific cash flow issues with the objective of reducing the existing diversity in practice. In November 2016, the FASB issued ASU 2016-18, “Statement of Cash Flows (Topic 230) – Restricted Cash” which requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amount generally described as restricted cash or restricted cash equivalents. Both of these ASUs are effective for the Urban League for the fiscal year ending June 30, 2020, with early adoption permitted. The Urban League is currently evaluating the effect the provision of both of these ASUs will have on the consolidated financial statements.

In August 2014, the FASB issued ASU 2014-15, “Presentation of Financial Statements – Going Concern (Subtopic 2015-40): Disclosures of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. The update provides guidance about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern. The update also provides related disclosures. The new standard applies prospectively to annual periods ending after December 15, 2017. The Urban League is currently evaluating the effect the provision this ASU will have on the consolidated financial statements but did not have any material effect on the consolidated financial statements.

Recent Accounting Pronouncements (Continued)

In August 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statements. The ASU is effective for the Urban League for the fiscal year ending June 30, 2019, with early adoption permitted. The Urban League is currently evaluating the effect the provision this ASU will have on the consolidated financial statements.

NOTE 3. RESTRICTED CASH

Restricted cash represents amounts to be used specifically for:

	<u>2018</u>	<u>2017</u>
Community Empowerment Campaign	\$1,856,914	\$1,763,896
Escrow bank account	294,264	294,264
State DEO and Crime Prevention account	667,902	1,406,974
CCCDC Loan Reserve fund	<u>3,087,252</u>	<u>3,079,535</u>
	<u>\$5,965,522</u>	<u>\$6,544,670</u>

NOTE 4. INVESTMENTS

Investments represent one Endowment Fund of mutual equity and fixed income funds held by the Community Foundation of Broward on behalf of ULBC, as well as a portfolio of equities and debt securities held and managed by TD Bank. Investments are carried at fair market value at June 30, 2018 and 2017 and consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Equity	\$1,061,138	\$1,162,833	\$1,308,934	\$1,409,500
Fixed Income	1,669,143	1,637,118	1,320,821	1,297,552
Others	<u>66,627</u>	<u>66,727</u>	<u>36,465</u>	<u>40,931</u>
Total	<u>\$2,796,908</u>	<u>\$2,866,678</u>	<u>\$2,666,220</u>	<u>\$2,747,983</u>

NOTE 4. INVESTMENTS (Continued)

Market value for interest, dividends and investment income is composed of the following for the years ended June 30, 2018 and 2017, respectively:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$78,922	\$71,170
Net realized (loss)	(101,120)	(126,337)
Net unrealized gain	171,972	227,065
Investment expenses	(31,080)	(53,039)
Total	<u>\$118,694</u>	<u>\$118,859</u>

NOTE 5. FAIR VALUE MEASUREMENTS

Effective for the year ended June 30, 2012, the ULBC adopted Accounting Standards Update (“ASU”) 2010-06, *Improving Disclosures about Fair Value Measurements* (formerly known as FASB Interpretation No. 157, *Fair Value Measurements*). This new accounting guidance under ASC 820, Fair Value Measurements and Disclosures, was issued by the FASB on January 21, 2010. The additional disclosures required about fair value measurements include, among other things, (a) the amounts and reasons for certain significant transfers among the three hierarchy levels of inputs, (b) the gross, rather than net, basis for certain Level 3 roll-forward information, (c) use of a “class” basis rather than a “major category” basis for assets and liabilities, and (d) valuation techniques and inputs used to estimate Level 2 and Level 3 fair value measurements.

Under the FASB’s authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, ULBC uses various methods including market, income and cost approaches. Based on these approaches, ULBC often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. ULBC utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, ULBC is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories

Level 1 Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the ULBC has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 5. FAIR VALUE MEASUREMENTS (Continued)

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

The following is a description of the valuation methodologies used for assets measured at fair value.

Investments: The valuation methodology used for assets measured at fair value was based on the security price obtained by the Investment Manager for each of the investment security held at the end of the year.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the ULBC believes its valuation method is appropriate and consistent with other market participants, the use of difference methodologies or assumptions to determine that fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2018 and 2017:

Description	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments	\$ 2,866,678	\$ -	\$ -	\$2,866,678
Endowment	-	94,687	-	94,687
Total assets at fair value	\$ 2,866,678	\$ 97,687		\$2,961,365

Description	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments	\$ 2,747,983	\$ -	\$ -	\$2,747,983
Endowment	-	93,279	-	93,279
Total assets at fair value	\$ 2,628,373	\$ 93,279		\$2,841,262

NOTE 6. PLEDGES RECEIVABLE

Pledges receivable were as follows at June 30:

	<u>2018</u>	<u>2017</u>
Unconditional promises expected to be collected		
Less than one year	\$11,500	\$200,636
One year to five years	77,721	126,800
Total pledges receivable	<u>89,221</u>	<u>327,436</u>
Less:		
Allowance for uncollectible pledges	20,711	41,152
Unamortized discount	3,295	5,432
Total deductions	<u>24,006</u>	<u>46,584</u>
Net Pledge Receivables	<u>\$65,215</u>	<u>\$280,852</u>
Pledges receivable are presented in the Consolidated Statements of Financial Position as:		
Current	\$11,500	\$200,636
Long-term portion	53,715	80,216
Total Pledge Receivables	<u>\$65,215</u>	<u>\$280,852</u>

NOTE 7. HOUSING INVENTORY AND NSP LOAN

Housing inventory consists of the following:

<u>Funding Source</u>	<u>Home Reference</u>	<u>2018</u>	<u>2017</u>
JP Morgan Chase	Pompano 206	\$65,930	\$65,930
Self-Financed	Washington Park - House 2905	198,551	198,551
NSP - BAND - City of Plantation	Plantation - House 931	189,323	189,323
NSP - BAND - City of Plantation	Plantation - House 9	176,936	176,936
NSP - BAND - City of Plantation	Plantation - House 8	133,757	133,757
NSP - BAND - City of Plantation	Plantation - House 216	151,932	151,932
NSP - BAND - City of Plantation	Plantation - House 217	232,197	232,197
NSP - BAND - City of Plantation	Plantation - House 475	163,033	163,033
Construction Work-in-Progress			
TD Bank and Self-Financed	2713 NW 8 th Street Fort Lauderdale	135,775	
TD Bank and Self-Financed	2850 NW 15 th Street Fort Lauderdale	132,512	
TD Bank and Self-Financed	2719 NW 8 th Street Fort Lauderdale	135,219	
TD Bank and Self-Financed	2743 NW 6 th Court Fort Lauderdale	130,501	
		<u>\$1,845,666</u>	<u>\$1,311,659</u>
	Less: accumulated depreciation:	<u>(209,301)</u>	<u>(178,013)</u>
	Total	<u>\$1,636,365</u>	<u>\$1,133,646</u>

NOTE 7. HOUSING INVENTORY AND NSP LOAN (Continued)

The single family homes in Plantation, Florida were acquired with funds from the U.S. Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP) – Round 1. ULBC recorded a long term mortgage payable liability in the amount of \$1,047,178 as of June 30, 2018 and 2017, respectively, which is equivalent to the acquisition and rehabilitation costs of the properties following execution of mortgage assumption documents and deed of conveyances by the City of Plantation and the original owner, Broward Alliance for Neighborhood Development (BAND). The mortgages are non-amortizing and are in place to ensure that the HUD affordable rental housing restrictive covenants are enforced.

The NSP loan contains a covenant that if ULBC remains in continuous possession of the property for the entire 30-year term and no default exist, the entire indebtedness underlying the Promissory Note shall be forgiven. ULBC's intent is to hold these properties for future re-sale. The sales price (and use of proceeds) of these properties purchased with NSP funds as well as the use of any income earned on these properties are governed by NSP regulations. The properties are recorded pursuant to GAAP "Under the Cost Recovery Method". Depreciation expense relating to donated properties was \$30,639 and \$23,679 for the year ended June 30, 2018 and June 30, 2017, respectively.

The Construction Work-in-Progress relates to the work performed on the Broward County Board of County Commission's donated lots for building out four single affordable homes in the Broward Municipal Service District. A value total of \$534,007 in construction work-in-progress represented a portion of the housing asset inventory.

NOTE 8. FIXED ASSETS

Fixed assets as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Land	\$626,780	\$626,780
Building (CEC)	5,953,131	5,953,981
Building and improvements	928,093	918,009
Furnishings and equipment	86,534	56,582
Vehicles	18,894	18,778
Accounting fundraising software	169,617	169,617
Total assets	<u>\$7,783,049</u>	<u>\$7,743,747</u>
Less: accumulated depreciation	<u>(1,660,284)</u>	<u>(1,384,897)</u>
Total Fixed Assets, net of depreciation	<u>\$ 6,122,765</u>	<u>\$ 6,358,850</u>

NOTE 8. FIXED ASSETS (continued)

For the year ended June 30, 2018 and 2017, the depreciation expense relating to fixed assets was approximately \$297,290 and \$269,753, respectively. During the year ended June 30, 2017, the Broward County Board of County Commission donated lots valued approximately \$127,970 for building four single affordable homes in the Broward Municipal Services District.

For the year ended June 30, 2018 the Urban League’s appraisal of land and property is as follows:

Source	Land	Appraisal value
Wells Fargo Donation	5030 NW 9 th avenue	\$ 81,500
Self-Financed	NW 27th Street, Oakland Park & 21st Ave & 26th Street Oakland Park	1,160,000
Broward County Conveyance	2713 NW 8th Street	56,440
Broward County Conveyance	2743 NW 6th Court	11,000
Broward County Conveyance	2719 NW 8th Street	50,330
Broward County Conveyance	2850 NW 15th Street	10,200
		\$ 1,369,470

Source	Home Reference	Appraisal value
JP Morgan Chase	Pompano 206	\$ 84,000
Self-Financed	Washington Park - House 2905	225,000
NSP - BAND - City of Plantation	Plantation - House 931	265,000
NSP - BAND - City of Plantation	Plantation - House 9	215,000
NSP - BAND - City of Plantation	Plantation - House 8	245,000
NSP - BAND - City of Plantation	Plantation - House 216	235,000
NSP - BAND - City of Plantation	Plantation - House 217	280,000
NSP - BAND - City of Plantation	Plantation - House 475	260,000
		\$ 1,809,000

Permanently restricted

ULBC has an agreement with the Community Foundation of Broward (the “Foundation”), Inc. to administer an Agency Endowment Fund on its behalf. Contributions to the fund and existing assets held therein are reflected as Permanently Restricted Net Assets. The principal of ULBC’s fund is invested by the Foundation in mutual stock funds. The market value of the mutual funds at June 30, 2018 and 2017 was \$232,899 and \$204,675, respectively.

Temporarily restricted

Temporarily restricted net assets consist of the following:

	<u>2018</u>	<u>2017</u>
State Crime Prevention and Small Business Initiative	\$667,901	\$1,406,974
Community Empowerment Campaign Collection Account	1,856,914	1,763,896
Small Business Loan Fund Southeast FL Receivable	500,000	500,000
Small Business Loan Match Funds	749,975	749,975
Loan loss reserve	2,337,277	2,329,560
Pledge receivable - net	65,215	280,852
	<u>\$6,177,282</u>	<u>\$7,031,257</u>

Unrestricted

Unrestricted net assets relate to funds that have not been designated for specific projects or programs.

NOTE 10. CEC CONSTRUCTION LOAN PAYABLE

On January 28, 2011 ULBC secured financing in the amount of \$3,680,000 through a tax-exempt Industrial Revenue Bond issued by Broward County and financed as a direct placement by TD Bank, N.A. Financing terms included an 18-month construction period during which interest only payments are made on the balance of construction draws from bond proceeds. Following the 18-month construction period, the principal balance will be amortized over 20 years at a rate of 4.84%. The loan term matures on July 28, 2032 and there is a call option 7 years after completion of the 18 month interest only period. On February 4th, 2013, ULBC executed the first amendment with TD Bank N.A., the Bondholder, to reduce the interest rate by 25 basis points. As a result of the amendment, the interest rate was reduced from 4.84% to 4.59% effective February 1st, 2013. On January 31, 2017 ULBC executed a second amendment with TD Bank N.A., to reduce the interest rate by 60 basis points. As a result of the amendment, the interest rate was reduced from 4.59% to 3.99% effective March 1st, 2017, a savings of approximately \$20,000.

The construction loan payable is collateralized by property and equipment with a corresponding mortgage, note and financing agreement. The construction loan payable principal balance as of June 30, 2018 and 2017 amounted to \$2,912,097 and \$3,202,048, respectively. The loan agreement contains various restrictive covenants, including annual debt service. For the year ended June 30, 2018, ULBC has complied with all compliance covenants from the Bondholder.

NOTE 10. CEC CONSTRUCTION LOAN PAYABLE (continued)

Maturities of the loan in each of the next five fiscal years and thereafter are as follows:

<u>Maturing in Fiscal Year</u>	<u>Principal</u>
2019	\$ 181,414
2020	188,134
2021	192,709
2022	200,540
2023	208,689
Thereafter	\$1,940,601
	<u>\$2,912,087</u>

Deferred financing costs associated with the loan amounted to \$183,408 which is being amortized using the straight-line method, through the life of the loan, which approximates the interest method over the terms of the loans payable, starting in January 2011. As of June 30, 2018 and 2017, the unamortized deferred financing cost on the loan is \$99,509 and \$107,151, respectively.

NOTE 12. BROWARD COUNTY GRANTS

At June 30, 2018 and 2017, funding awarded by Broward County and earned was as follows:

2018

<u>Funding Division</u>	<u>Program Name</u>	<u>Program Year</u>	<u>Contract #</u>	<u>Contract Award</u>	<u>Amount Earned</u>
Children's Services Council	EMBRACE/Village	10/1/17 - 9/30/18	14-2610	\$205,000	\$187,914
Children's Services Council	ABLE/Youth force	10/1/17 - 9/30/18	16-2612	180,449	229,952
Children's Services Council	Healthy Youth Transition	10/1/17 - 9/30/18	16-2613	283,680	264,781
Children's Services Council	MOST Summer	5/1/2018-8/31/18	17-2614	126,368	109,128
Children's Services Council	Learning Together - FLCC	10/1/17 - 9/30/18	17-2615	17,500	13,125
City Of Pompano	SHIP Housing Counseling Service	7/1/2017 - 6/30/2018	2016-67	15,066	5,475
Broward County - Family Success Administration	Individual Development Account	10/01/16 - 12/31/21	1516-04-50-02	40,000	22,574
Broward County - Family Success Administration	Center for Working Families	10/01/17 - 9/30/18	17-FSAD-8206-1	125,000	142,670
Broward County Housing and Community Redevelopment	Broward County Infill Lots	4/1/2017-8/31/2018		80,000	58,728
				<u>\$ 1,073,063</u>	<u>\$ 1,034,347</u>

NOTE 12. BROWARD COUNTY GRANTS (Continued)

2017

<u>Funding Division</u>	<u>Program Name</u>	<u>Program Year</u>	<u>Contract #</u>	<u>Contract Award</u>	<u>Amount Earned</u>
Children's Services Council	EMBRACE/Village	10/1/16 - 9/30/17	14-2610	\$205,000	\$224,956
Children's Services Council	ABLE/Youth force	10/01/16 - 9/30/17	16-2612	360,898	292,193
Children's Services Council	Healthy Youth Transition	10/01/16 - 9/30/17	16-2613	283,680	135,550
Children's Services Council	MOST Summer	5/1/2017-8/31/17	12-2617	133,537	122,153
Broward County - Family Success Administration	IDA	10/01/16 - 12/31/21	17-FSAD-8206-1	65,800	31,365
Broward County - Family Success Administration	Center for Working Families	10/01/16 - 9/30/17	16-FSAD-8206-1	125,000	90,538
Broward County Housing and Community Redevelopment	Broward County Infill Lots	4/1/2017-6/30/2018		<u>80,000</u>	<u>3,200</u>
				<u>\$ 1,253,915</u>	<u>\$ 899,955</u>

NOTE 13. FUND DEVELOPMENT

The primary function of the Fund Development Department is to generate unrestricted funding from contributions, memberships, and special events. The fund development expenses are fundraising expenses which are expensed as incurred. For the years ended June 30, 2018 and 2017, fundraising expenses were approximately \$498,018 and \$452,130, respectively.

NOTE 14. PENSION PLAN

Effective October 1991, the Urban League of Broward County, Inc., adopted a retirement plan (Tax Deferred Annuity Plan) for the benefit of its employees. All full-time employees who are at least age 21 and have completed one year of service with the Urban League of Broward County (ULBC) are eligible. ULBC's contribution to the plan is an amount up to 5% of the employee's annual compensation. ULBC's contribution totaled approximately \$91,945 and \$131,987 for the years ended June 30, 2018 and 2017, respectively.

NOTE 15. COMMITMENT

Lease Commitment

In December 2008, ULBC agreed to lease land from Broward County, Florida (County) for the purpose of constructing and operating a Community Empowerment Center that will serve the community by providing offices, computer, and meeting rooms. The lease agreement (agreement) is for an initial period of 20 years and 2 renewal periods of 10 years each for a total possible lease term of 40 years. ULBC shall pay the County an annual rental fee of \$1 and provide the level of services as described in the agreement. If ULBC fails to provide the services described in the agreement, it shall pay the County market rent determined by the County to be \$114,000 as of the initial date of the agreement. Every five years the lease rental value shall be revised for inflation or deflation pursuant to the Consumer Price Index.

ULBC commenced operation at the Community Empowerment Center on May 30, 2012. Per the agreement with the County, ULBC is obligated to provide 1/12th of the \$114,000 service levels as described in the agreement. ULBC provide service levels of \$1,023,872 and \$1,047,822 for the year ended June 30, 2018 and 2017, respectively.

ULBC leases computer and office equipment for its operation. Total rental expense for the years ended June 30, 2018, and 2017, was approximately \$82,848 and \$100,759, respectively. Future minimum rental payments required under operating leases extending beyond June 30, 2018, are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 100,000
2020	<u>100,000</u>
	\$200,000

NOTE 16. CONTINGENCIES

The ULBC receives a significant portion of its funding from public grants. A significant reduction in the level of this funding, if this were to occur, would have an effect on the agency's ability to carry out its programs and activities.

Costs reflected in the accompanying consolidated financial statements relating to government funded programs are subject to audit by the Grantors. The possible disallowance by Grantors of any item charged to the Program, if any, cannot be determined at this time. No provision for any liability that may result has been made in the consolidated financial statements.

NOTE 17. THIRD PARTY ENDOWMENT

ULBC has an agreement with the Community Foundation of Broward, Inc. (the Foundation) to administer an Agency Endowment Fund on its behalf for the “Campaign for Change”. The contributions of approximately \$483,000 paid to the Foundation by third parties on behalf of ULBC are to be held into perpetuity by the Foundation on behalf of ULBC. At June 30, 2018 and 2017, the fund balance with earnings (losses) less distributions totaled approximately \$486,605 and \$479,030 respectively. In accordance with FASB ASC 958-205-50-1B “Transfer of Assets to a Not-For-Profit Organization or Charitable Trust That Raises or Holds Contributions For Others” this balance is not recorded as an ULBC asset.

The distribution policy of the endowment agreement between ULBC and the Foundation states that the Foundation will make distributions of earnings available to ULBC, at least annually based on the current spending policy adopted by the Foundation, which may change from time to time.

NOTE 18. LOAN FUND

During the Legislature, the State of Florida made a provision for a grant award to ULBC in Specific Appropriation Item 2256A in the 2014-2015 General Appropriations Act in the amount of one million five-hundred thousand dollars \$1,500,000 for the purpose of establishing, administering and marketing a revolving loan guarantee program to stimulate access to credit for under-resourced business and specifically providing that one million dollars (\$1,000,000) of the grant shall be used to establish a loan loss reserve account. The remaining \$500,000 was used to provide administrative services relating to the loan guarantee program.

The State of Florida through the Department of Economic Opportunity (“DEO”) and ULBC have entered into a Grant Agreement providing for the ULBC’s performance of specific terms, conditions, obligations and liabilities associated with the establishment, administration and marketing of the loan guarantee program. The term of the agreement is from July 1, 2014 to June 30, 2019 with annual renewal during this time. As part of the requirements of the grant agreement, ULBC will identify and enter into an agreement with a third party loan administrator to underwrite loans by June 30, 2015. In addition, ULBC will establish an interest-bearing account in the State for deposit and maintenance of the loan loss guarantee and a separate account to retain private (non-state) capital as match.

As a result of the grant agreement ULBC established a new cost center (the “Loan Fund”) to track activities around raising the match and administration. To access the loan loss reserve, ULBC is required to raise a 4:1 match for the Loan Fund. Upon receiving the first match contribution, ULBC will be able to access the reserve immediately up to 20% of what was raised.

The loans will be offered to business headquartered in the State of Florida, with income under \$5 million or less per year for the last two years and have a maximum of 25 employees. Loans will range

NOTE 18. LOAN FUND (Continued)

from \$25,000 to \$250,000 and each loan will receive a 20% guarantee from the loans loss guarantee. Only one guarantee will be obligated to a single barrower at any point in time.

As of June 30, 2018, ULBC has a total of \$2.37 million for the loan guarantee. This amount is recorded as temporarily restricted revenue and will only be accessed as reserves for loan losses.

NOTE 19. OTHER MATTERS

Campaign for Change / Community Empowerment Campaign

In an effort to meet the growing and ever changing needs of its constituents, ULBC initiated its “Campaign for Change”, a program to mobilize public and private resources necessary to transform Central Broward’s 33311 zip code area by developing its children. A key element in this program is to build a new comprehensive community center in the area, deliver programs that value, and reward self-help and personal responsibility.

Through the years, ULBC has broadened the scope and reach of this campaign beyond the Central Broward 33311 zip code and it officially renamed it in 2010 as the Community Empowerment Campaign.

NOTE 20. SUBSEQUENT EVENT

Under FASB ASC, subsequent events are events or transactions that occur after the statutory financial statement date but before the financial statements are issued or ready to be issued. ULBC recognizes in the statutory financial statements the effect of all subsequent events that provide additional evidence about conditions that existed at the date of the financial statements, including estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the financial statement but arose after the financial statement date and before the financial statements are issued. ULBC has evaluated the subsequent events through October 24, 2018, which is the date the financial statements were available to be issued.

URBAN LEAGUE OF BROWARD COUNTY, INC.
 Consolidated Statement of Functional Expenses
 For The Year Ended June 30, 2018

Account Description	Housing	Jobs	Education	Small Business Initiatives	Health	Central County Community Development Corp.	Urban Pompano	Urban Ventures	Development	Administration	TOTAL
Payroll and Related Costs	\$640,809	\$786,021	\$1,493,943	\$282,851	\$457,114	\$70,057	\$7,049	\$0	\$193,091	\$57,926	\$3,988,861
Professional Fees	7,020	21,615	68,564	39,011	17,476	11,098	20,000	21,675	8,225	1,929	216,613
Telephone & Network	40,486	46,764	98,647	15,883	32,131	1,179	-	-	13,038	19,221	267,348
Postage	842	1,260	1,899	63	727	6	-	-	575	1,808	7,183
Office Supplies	1,321	2,748	4,099	2,832	1,044	273	-	288	2,135	1,007	15,748
Conferences and Meetings	15,097	5,305	20,621	6,591	777	1,171	-	27,557	69,678	21,018	167,816
Program Services	20,176	187,665	284,116	81	3,007	-	-	75	19,492	7,592	522,203
Program Supplies	1,342	1,992	14,199	1,223	1,108	-	-	184	6,772	-	26,819
Contracted Services	-	334,752	2,457,429	113,485	-	-	-	1,660	-	-	2,907,326
Travel	2,452	4,074	12,845	1,352	2,045	-	-	-	411	1,880	25,058
Printing and Publications	13,475	12,240	19,533	3,141	6,294	285	-	1	10,675	(6,868)	58,776
Dues & Subscriptions	230	-	1,281	1,204	-	-	-	-	963	23,445	27,123
Donated Expenses	-	-	-	3,900	1,250	-	-	-	71,381	-	76,531
Advertising	9,378	8,440	328	5,000	1,345	2,070	-	2,000	27,496	750	56,808
Occupancy	39,852	62,117	128,018	20,428	30,824	59,034	-	1,005	21,170	24,358	386,807
Equipment Rental & Repair	7,246	14,406	23,064	4,337	6,318	592	-	2,015	21,623	3,247	82,848
Licenses & Fees	507	1,022	2,186	4,231	1,543	67,425	14,350	-	311	(102)	91,473
Bank Charges	-	-	-	-	-	128	60	1,484	-	8,070	9,742
Special Events	-	-	-	-	-	-	-	1,000	2,533	4,790	8,323
Auto	-	8	127	-	5	-	-	-	-	9,315	9,454
Insurance	10,478	11,953	23,849	2,896	7,269	40,286	-	-	2,741	5,287	104,759
Interest	19,017	23,104	46,294	8,779	14,453	677	-	127,331	4,845	(113,455)	131,046
Depreciation	-	-	-	-	-	31,289	-	233,218	19,976	12,807	297,290
Investment Expense	-	-	-	-	-	-	-	-	-	15,773	15,773
Miscellaneous	-	-	-	-	-	70	159	244	884	(305)	1,052
Tax Expense	-	-	-	-	-	2,345	39,566	-	-	-	41,911
Predevelopment Construction Expense	-	-	-	-	-	35,990	-	-	-	-	35,990
Total Expenses	\$829,727	\$1,525,487	\$4,701,042	\$517,288	\$584,730	\$323,976	\$81,183	\$419,738	\$498,018	\$99,493	\$9,580,682

URBAN LEAGUE OF BROWARD COUNTY, INC.
Consolidated Statement of Functional Expenses
For The Year Ended June 30, 2017

Account Description	Education	Jobs	Health	Housing	Small Business Initiative	Central County CDC, Inc.	Urban Pompano, Inc.	Urban Ventures, LLC	Community Empowerment Campaign	Development & Communications	General & Administrative	TOTAL
Payroll and Related Costs	\$1,226,950	\$920,558	\$585,281	\$455,240	\$416,001	\$22,509	\$0	\$0	\$0	\$147,443	\$354,696	\$4,128,679
Professional Fees	32,087	19,732	6,671	12,944	95,294	24,436	-	26,873	9,957	24,502	23,325	275,821
Telephone & Network	44,203	45,934	19,658	22,672	47,171	912	-	2,910	-	4,133	18,449	206,040
Postage	1,451	550	895	920	164	7	-	-	-	154	3,419	7,559
Office Supplies	2,895	7,097	3,833	1,007	5,502	23	-	521	-	1,337	12,276	34,491
Conferences and Meetings	19,138	3,285	8,847	640	15,748	665	-	41,906	-	38,448	22,779	151,456
Program Services	235,817	121,582	5,215	1,632	125	-	-	-	-	5,347	8,964	378,681
Program Supplies	67,345	9,503	2,747	3,164	5,548	-	-	-	-	3,726	6,700	98,734
Contracted Services	2,418,106	632,502	-	-	249,864	-	-	-	-	-	-	3,300,471
Travel	6,492	3,611	3,722	3,519	550	-	-	-	-	-	4,839	22,733
Printing and Publications	8,215	4,834	3,707	2,437	2,636	37	-	52	1,114	5,998	17,403	46,433
Dues & Subscriptions	-	-	-	-	1,974	-	-	-	-	696	10,094	12,763
Donated Expenses	-	-	-	-	2,500	-	-	-	-	99,838	-	102,338
Advertising	-	495	7,050	-	1,150	-	-	-	-	86,089	4,009	98,793
Occupancy	85,966	89,395	41,068	35,540	45,507	30,579	-	-	-	8,068	56,261	392,386
Equipment Rental & Repair	26,652	21,486	13,268	11,253	6,992	3,720	-	3,731	-	2,722	10,935	100,759
Licenses & Fees	4,710	4,002	2,950	2,071	3,206	1,563	159	144	-	359	7,551	26,713
Bank Charges	50	-	-	-	-	30	-	-	-	-	13,223	13,303
Auto	-	-	-	-	-	-	-	-	-	-	6,631	6,631
Insurance	17,848	13,500	8,506	7,017	4,306	6,410	-	-	-	1,829	6,315	65,731
Interest	40,348	33,140	19,168	17,093	14,216	538	-	155,963	-	4,024	(125,014)	159,476
Depreciation	-	-	-	-	-	23,679	6,960	232,850	-	16,966	1,160	281,615
Investment Expense	-	-	-	-	-	5,000	-	-	-	-	38,560	43,560
Miscellaneous	-	-	-	-	-	-	-	-	-	451	5,779	6,230
Tax Expense	-	-	-	-	-	19,881	6,031	-	-	-	-	25,913
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-	-	87,473	87,473
Total Expenses	\$ 4,238,270	\$ 1,931,206	\$ 732,586	\$ 577,150	\$ 918,451	\$ 139,989	\$ 13,150	\$ 464,950	\$ 11,071	\$ 452,130	\$ 595,826	\$ 10,074,780

URBAN LEAGUE OF BROWARD COUNTY
(A Nonprofit Organization)

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

Federal Department / Pass-through Agency/ Program Name	CFDA Number	Contract Number	Program Expense
US Department of Health and Human Services			
<i>Passed-through Broward Healthy Start Coalition</i>			
Maternal and Child Health Services Block Grant to the States Project TOTS	93.994	ULBC FY2016-2017 Amendment #02	377,065
<i>Passed-through Kid in Distress</i>			
Child Abuse and Neglect Discretionary Activities Project Heart Alliance for Sustainable Families	93.670	KID-HHS-ULB	13,616
<i>Passed-through Children's Harbor</i>			
Healthy Marriage Promotion and Responsible Fatherhood Grants Children's Harbor - True North	93.086	Memorandum of Understanding Children's Harbor and Urban League of Broward County	6,329
Total US Department of Health and Human Services			<u>397,009</u>
US Department of Housing and Urban Development			
<i>Passed-through National Urban League</i>			
Housing Counseling Assistance Program NUL-HUD Home Ownership Counseling	14.169	NUL/HUD 2016 Broward	35,678
Total US Department of Housing and Urban Development			<u>35,678</u>
US Department of Veteran Affairs			
<i>Passed-through United Way of Broward County</i>			
VA Supportive Services for Veteran Families Program Supportive Services for Veteran Families	64.033	ULBC-UWBC SSVF Funding Contract 2017-2018	250,037
Total US Department of Veteran Affairs			<u>250,037</u>
US Department of Labor			
<i>Passed-through Employment and Training Administration</i>			
UYEP-Urban Youth Employment Program	17.259	NUL-UYEP 2012-2015	57,459
<i>Pass-through National Urban League</i>			
H-1B Job Training Grants			<u>57,459</u>
Urban Tech NUL	17.268	Letter of Agreement between the National Urban League and the Urban League of Broward County	286,374
Total US Department of Labor			<u>286,374</u>
US Department of Treasury			
<i>Community Development Financial Institution Program</i>			
Community Development Financial Institutions Program CDFI Technical Grant	21.020	CDFI Assistance Agreement 161TA020977	6,079
Total US Department of Treasury			<u>6,079</u>
Other Public Entity - NeighborWorks America			
<i>Passed-through National Urban League</i>			
Housing Counseling - NUL NFMC	21.000 PL114-113X1350	NFMC R10 LoA- Urban League of Broward County	7,669
Other Public Entity - NeighborWorks America			<u>7,669</u>
		Total Federal Expenditures	<u>\$ 1,040,306</u>

URBAN LEAGUE OF BROWARD COUNTY
(A Nonprofit Organization)

**Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2018**

State Department / Pass-through Agency/ Program Name	CFSA Number	Contract Number	Program Expense
Florida Department of Education			
<i>Florida Education Fund</i>			
Center of Excellence	48.Unknown	None	24,102
Total Florida Department of Education			24,102
Florida Department of Legal Affairs			
<i>Passed-through the Office of the Attorney General</i>			
Crime Prevention and Intervention Program/Black on Black Crime Prevention Program Agency Lead	41.005/41.012	K03050	310,546
Crime Prevention and Intervention Program	41.005	K03050	2,069,551
<i>Passed-through the Office of the Attorney General</i>			
Black on Black Crime Prevention Program	41.012	K03050	516,242
Total Florida Department of Legal Affairs			2,896,338
Florida Department of Economic Opportunity			
Small Business Loan Fund, Entrepreneurship Center, Financial Empowerment Center & Community Engagement and Volunteer Management	40.012	SL028	
			111,731
			480,076
			277,498
			77,464
			946,768
Total Expenditures of State Financial Assistance			\$ 3,867,209

URBAN LEAGUE OF BROWARD COUNTY, INC.
Note to Schedule of Expenditures of Federal Awards and
State Financial Assistance
For The Year Ended June 30, 2018

NOTE 1. SIGNIFICANT ACCOUNTING POLICY AND BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state grant activities of Urban League of Broward County, Inc. (ULBC) and is presented on the accrual basis. The information on this schedule is presented in accordance with the requirements of OMB Uniform Guidance and Chapter 10.650, Rules of the Auditor General; and the requirements of Chapter 691-5, Rules of the Florida Department of Financial Services, Florida Administrative Code. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. DE MINIMUS INDIRECT COST RATE

ULBC did elect to use the 10% de minimus cost rate.



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*

Independent Auditor's Report

Board of Directors
Urban League of Broward County, Inc.

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Urban League of Broward County, Inc. ("ULBC"), which comprise the statement of financial position as of June 30, 2018 and 2017, 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 October 24, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ULBC'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 ULBC's internal control. Accordingly, we do not express an opinion on the effectiveness of ULBC'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether ULBC'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 entity'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.

Fort Lauderdale, FL
October 24, 2018

BCA Watson Rice LLP



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

To Board of Directors
Urban League of Broward County

Report on Compliance for Each Major Federal Program and State Project

We have audited the Urban League of Broward County's ("ULBC") compliance with the types of compliance requirements described in the OMB 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 ULBC's major Federal programs and State projects for the year ended June 30, 2018. The ULBC'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 Federal and State statutes, regulations, and the terms and conditions of its Federal awards and State projects applicable to its Federal programs and State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the ULBC'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; 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); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, 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 the ULBC'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 the ULBC's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the ULBC 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 and State projects for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the ULBC 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 ULBC 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 the Uniform Guidance 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 the Urban League of Broward County 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 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 as combination of deficiencies, in internal control over compliance with the 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 designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

October 24, 2018
Fort Lauderdale, Florida



SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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 GAAP:

UNMODIFIED

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	_x_ No
• Significant deficiency(ies) identified?	___ 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?	___ Yes	_x_ None reported
Type of auditor's 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:		
CFDA Number(s)	Name of Federal Program or Cluster	
64.033	VA Supportive Services for Veteran Families Program	
Dollar threshold used to distinguish between type A and type B programs:		
	\$ 750,000	
Auditee qualified as a low-risk auditee?	_x_ Yes	___ No

State Projects

Internal control over major federal programs:		
• Material weakness(es) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
• Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditor's 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)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Identification of major state projects:		
CSFA Number(s)	Name of Federal Program or Cluster	
41.005	Youth Crime Prevention and Intervention Program	
41.012	Black-on-Black Crime Prevention Program	
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000	
Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Section II: Financial Statement Findings:

See Section IV.

Section III: Federal Awards and State Financial Assistance Findings:

None.

Section IV: Status of Prior Year's Findings

2017-001: Delayed posting of transactions and activity

Prior Year Condition: We noted 6 of the 25 selections (24%) made were posted more than 30 days after the transaction occurred.

Current Year Status: Similar findings were noted in the current year.

Responsible Official's Response:

In response to last year's finding, Management acknowledges the delay which occurred in presenting the financial statements but contends that the lack of timeliness was to ensure the accuracy of recorded balances and financial statements. The timeliness could have affected the accuracy, but Management believes that the unmodified opinion of the Auditor supports that it did not.

Going forward Management has taken several steps to help mitigate this from recurring:

- Management retained the services of a Compliance CPA Contractor who will make recommendations on improving the month-end close processes. In addition, the Contractor will develop desk procedures for the financial management State funded programs
- Management will refine the month-end checklist and train Finance staff on leveraging technology for expediting account reconciliations and financial statement preparation.



Board of Directors
Urban League of Broward County, Inc.

Report on the Financial Statements

We have audited the consolidated financial statements of the Urban League of Broward County, as of and for the fiscal years June 30, 2018 and 2017, and have issued our report thereon dated October 24, 2018.

Auditor's Responsibility

We conducted our audit 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; 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); and Chapter 10.650, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in accordance with the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General.

Additional Matters

Section 10.654(1)(e), Rules of the Auditor General, requires that we communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings other than as reported in 2017-001.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the **Board of Directors**, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Fort Lauderdale, Florida
October 24, 2018

BCA Watson Rice LLP