

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

CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

INDEPENDENT AUDITORS REPORT	1-3
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2019.	5
Consolidated Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2018.	6
Consolidated Statements of Cash Flows	7
Consolidated Statement of Functional Expenses for the Year Ended June 30, 2019.	8
Consolidated Statement of Functional Expenses for the Year Ended June 30, 2018.	9
Consolidated Notes to Financial Statements.	10-28
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	29
Schedule of Expenditures of State Financial Assistance	30
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance. . .	31
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 <i>Government Auditing Standards</i>	32-33
Independent Auditor’s Report on Compliance for each Major Federal Program and State Project and on Internal Control Over Compliance Required by the Uniform Guidance and Chapter 10.650, <i>Rules of the Auditor General</i>	34-36
Schedule of Findings and Questioned Costs – Federal Awards Programs and State Financial Assistance.	37-38
Consolidating Statement of Financial Position.	39
Consolidating Statement of Activities and Changes in Net Assets.	40



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Urban League of Broward County, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Urban League of Broward County, Inc. and its subsidiaries ("ULBC"), which comprise the consolidated statements of financial position as of June 30, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 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 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 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, 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Period Financial Statement

The consolidated financial statements of ULBC and its subsidiaries as of June 30, 2018, were audited by other auditors whose report dated October 24, 2018, expressed an unmodified opinion on those financial statements. As discussed in Note 22 to the consolidated financial statements, ULBC has adjusted its June 30, 2018 consolidated financial statements to retrospectively apply a change to its 2018 liabilities. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the June 30, 2019 financial statements, we also audited adjustments described in Note 22 that were applied to restate the June 30, 2018 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the June 30, 2018 financial statements of ULBC other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2018 financial statements as a whole.

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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650 Rules of the Auditor General of the State of Florida, are presented for purposes of additional analysis and is not a required part of the financial statements. The consolidating information on pages 39 and 40 is presented for the purpose of additional analysis and is not part of the consolidated 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 October 23, 2019 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 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 ULBC's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Verdeja DeArmas Trujillo".

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 23, 2019

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS		
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,354,160	\$ 3,045,762
Restricted cash	4,832,519	5,965,522
Investments	3,039,646	2,866,678
Grants and contracts receivable	753,216	1,011,388
Loan receivables, current	45,689	-
Contributions receivable, net	17,375	11,500
Prepaid expenses and other assets	653,198	76,106
TOTAL CURRENT ASSETS	<u>12,695,803</u>	<u>12,976,956</u>
Contribution receivable, net	47,840	53,715
SB loan fund receivable	500,000	500,000
Loan receivable	698,789	-
Endowment	92,566	94,687
Housing inventory	1,071,070	1,636,365
Bond issue costs	91,868	99,509
Property and equipment, net	5,732,113	6,122,765
TOTAL ASSETS	<u>\$ 20,930,049</u>	<u>\$ 21,483,997</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 364,000	484,443
Accrued payroll	144,364	132,532
Accrued vacation	108,862	106,624
Refundable advances and deferred revenue	575,095	931,400
Fiscal agent payable	161,855	130,192
Infill construction line of credit	-	122,385
CEC construction loan payable - current	163,708	150,507
Small business loan fund - accrued interest	21,391	21,391
TOTAL CURRENT LIABILITIES	<u>1,539,275</u>	<u>2,079,474</u>
NSP loan covenant	1,047,178	1,047,178
Loan loss reserve	102,300	-
CEC construction loan payable	2,591,680	2,761,580
Small business loan fund	1,250,000	1,250,000
TOTAL LIABILITIES	<u>6,530,433</u>	<u>7,138,232</u>
NET ASSETS		
Without donor restrictions - board designated	670,948	750,000
Without donor restrictions	9,278,887	8,573,796
With donor restrictions	4,449,781	5,021,969
TOTAL NET ASSETS	<u>14,399,616</u>	<u>14,345,765</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,930,049</u>	<u>\$ 21,483,997</u>

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

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Other Donor Restricted Funds	Gifts Restricted in Perpetuity	
PUBLIC SUPPORT AND REVENUE				
Federal grants	\$ 918,308	\$ -	\$ -	\$ 918,308
State grants	3,347,751	-	-	3,347,751
Broward County grants	879,440	-	-	879,440
Other private sector grants	27,470	-	-	27,470
United Way	259,020	-	-	259,020
Foundation grants	1,554,736	-	-	1,554,736
Inkind contributions	116,268	-	-	116,268
Other contributions	216,041	-	-	216,041
TOTAL PUBLIC SUPPORT	7,319,034	-	-	7,319,034
REVENUE				
Special events, net	328,695	-	-	328,695
Rental income	196,108	-	-	196,108
Other revenue	78,411	-	-	78,411
TOTAL PUBLIC SUPPORT AND REVENUE	7,922,248	-	-	7,922,248
EXPENSES				
Program services:				
Education	3,652,855	-	-	3,652,855
Housing	701,080	-	-	701,080
Jobs	1,030,554	-	-	1,030,554
Health	604,478	-	-	604,478
Small business initiatives	755,546	-	-	755,546
Total Program Services	6,744,513	-	-	6,744,513
Subsidiary services:				
CCCDC - Affordable Housing CHDO	576,639	-	-	576,639
Urban Pompano, Inc.	67,886	-	-	67,886
Urban Ventures, LLC	457,692	-	-	457,692
Total Subsidiary Services	1,102,217	-	-	1,102,217
Supporting services:				
Fund development	467,202	-	-	467,202
General and administration	194,201	-	-	194,201
Total supporting services	661,403	-	-	661,403
TOTAL EXPENSES	8,508,133	-	-	8,508,133
Net assets released from restrictions	575,228	(570,067)	(5,161)	-
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(10,657)	(570,067)	(5,161)	(585,885)
Non-operating Activities				
Capital campaign	30,396	-	-	30,396
Donated assets - in-kind	509,900	-	-	509,900
Investment income	175,453	-	3,040	178,493
Board designated activities	(79,053)	-	-	(79,053)
Total change from non-operating activities	636,696	-	3,040	639,736
TOTAL CHANGE IN NET ASSETS	626,039	(570,067)	(2,121)	53,851
NET ASSETS - beginning net assets, as adjusted	9,323,796	4,927,282	94,687	14,345,765
NET ASSETS - ending net assets	\$ 9,949,935	\$ 4,357,215	\$ 92,566	\$ 14,399,616

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

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restrictions	With Donor Restrictions		Total
		Other Donor Restricted Funds	Gifts Restricted in Perpetuity	
PUBLIC SUPPORT AND REVENUE				
Federal grants	\$ 934,060	\$ -	\$ -	\$ 934,060
State grants	3,488,200	739,073	-	4,227,273
Broward County grants	1,023,872	-	-	1,023,872
Other private sector grants	51,404	-	-	51,404
United Way	257,603	-	-	257,603
Foundation grants	1,679,986	-	-	1,679,986
Other contributions	745,886	-	-	745,886
TOTAL PUBLIC SUPPORT	8,181,011	739,073	-	8,920,084
REVENUE				
Special events, net	217,578	-	-	217,578
Rental income	197,206	-	-	197,206
Other revenue	97,977	-	-	97,977
TOTAL PUBLIC SUPPORT AND REVENUE	8,693,772	739,073	-	9,432,845
EXPENSES				
Program services:				
Education	4,655,269	-	-	4,655,269
Housing	829,728	-	-	829,728
Jobs	1,525,486	-	-	1,525,486
Health	584,730	-	-	584,730
Small business initiatives	517,288	-	-	517,288
Total Program Services	8,112,501	-	-	8,112,501
Subsidiary services:				
CCCCDC - Affordable Housing CHDO	323,975	-	-	323,975
Urban Pompano, Inc.	81,184	-	-	81,184
Urban Ventures, LLC	419,737	-	-	419,737
Total Subsidiary Services	824,896	-	-	824,896
Supporting services:				
Fund development	498,015	-	-	498,015
Board designated activities	-	-	-	-
General and administration	83,720	-	-	83,720
Total supporting services	581,735	-	-	581,735
TOTAL EXPENSES	9,519,132	-	-	9,519,132
Assets released from restrictions	1,601,011	(1,601,011)	-	-
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	775,651	(861,938)	-	(86,287)
Non-operating Activities				
Capital campaign	99,364	-	-	99,364
Donated properties - in-kind	74,031	-	-	74,031
Investment income	168,669	7,963	1,408	178,040
Total change from non-operating activities	342,064	7,963	1,408	351,435
TOTAL CHANGE IN NET ASSETS	1,117,715	(853,975)	1,408	265,148
NET ASSETS - beginning net assets	6,844,685	7,031,257	204,675	14,080,617
Reclassification of net assets	1,361,396	(1,250,000)	(111,396)	-
NET ASSETS - ending net assets, as adjusted	\$ 9,323,796	\$ 4,927,282	\$ 94,687	\$ 14,345,765

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

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 53,851	\$ 265,148
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	313,639	297,290
Decrease in allowance for doubtful accounts	(23,800)	
Investment gains	(124,276)	(186,100)
Donated assets	(509,900)	-
Changes in operating assets and liabilities		
(Increase) decrease in operating assets:		
Contributions receivable	23,800	(215,637)
Grants and contracts receivable	258,172	350,836
Prepaid expenses and other assets	(37,239)	(43,568)
Increase (decrease) in operating liabilities:		
Accounts, fiscal payable and accrued expenses	(104,663)	(350,042)
Refundable advances and deferred revenues	(356,305)	(214,574)
NET CASH USED IN OPERATING ACTIVITIES	<u>(506,721)</u>	<u>(96,647)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of property	661,983	-
Purchase of property and equipment	(19,675)	(39,737)
Purchase of investments	(46,571)	(15,773)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>595,737</u>	<u>(55,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of line of credit - Infill lots	(122,385)	(122,385)
Principal payments on CEC construction loan, net of amortization of bond costs	(149,058)	(150,507)
Purchases of loan receivables	(745,000)	-
Increase in loan loss reserve allowance	102,300	-
Repayment of loan receivables	522	-
NET CASH USED IN FINANCING ACTIVITIES	<u>(913,621)</u>	<u>(272,892)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(824,605)	(425,049)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>9,011,284</u>	<u>9,436,333</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 8,186,679</u>	<u>\$ 9,011,284</u>
DISPLAYED AS:		
Cash and cash equivalents	\$ 3,354,160	\$ 3,045,762
Restricted cash and cash equivalents	4,832,519	5,965,522
Total cash	<u>\$ 8,186,679</u>	<u>\$ 9,011,284</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest during the year	<u>\$ 135,468</u>	<u>\$ 131,372</u>

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

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

Account Description	Program Services					Subsidiary Services			Support Services		Board Designated Activities	Total
	Housing	Jobs	Education	Small Business Initiatives	Health	CCCDC	Urban Pompano	Urban Ventures	Fund Development	General & Administration		
Salaries, benefits and payroll taxes	\$ 587,068	\$ 722,411	\$ 1,267,251	\$ 377,630	\$ 481,420	\$ 278,259	\$ 60,965	\$ 225	\$ 181,947	\$ 58,575	\$ 28,749	\$ 4,044,500
Professional fees	4,023	6,527	33,936	98,739	4,641	81,280	5,333	26,641	54,342	2,172	45,431	363,065
Telephone & network	26,637	29,203	54,978	111,378	22,019	10,365	-	-	7,297	11,236	1,116	274,229
Postage	954	371	728	119	533	58	-	9	782	1,942	5	5,501
Office supplies	1,693	4,207	3,719	4,058	2,118	7,078	-	1,991	(679)	1,157	141	25,483
Conferences & meetings	7,026	3,811	7,580	25,951	14,633	8,874	-	32,006	42,347	19,084	-	161,312
Program services	148	164,545	180,950	2,117	1,765	200	-	214	25,384	5,265	-	380,588
Program supplies	45	2,035	24,308	599	3,415	-	-	295	567	300	-	31,564
Contracted services	-	-	1,903,065	62,489	-	20,625	-	799	-	-	-	1,986,978
Travel	2,311	1,512	8,930	3,217	4,075	527	-	-	869	3,435	-	24,876
Printing & publications	7,819	6,842	9,719	2,942	3,141	1,787	-	-	3,495	2,545	251	38,541
Dues & subscriptions	-	-	52	1,197	-	-	-	-	510	26,281	-	28,040
Donated services/expenses	-	-	5,500	-	1,350	-	-	-	109,418	-	-	116,268
Advertising	-	227	-	11,129	2,175	-	-	-	6,168	1,512	650	21,861
Occupancy	43,150	65,708	110,639	34,509	39,881	66,620	-	9,310	7,987	12,151	1,679	391,634
Equipment rental & repair	4,884	5,645	9,106	2,158	3,974	4,697	-	32,137	868	1,605	311	65,385
Licenses & fees	1,768	2,030	4,319	9,130	1,483	5,576	159	319	2,296	5,571	143	32,794
Bank charges	-	-	-	-	-	296	24	1,399	-	7,778	-	9,497
Special events	123	152	266	108	101	-	-	-	798	-	-	1,548
Auto	-	-	8	-	-	-	-	-	-	5,022	-	5,030
Insurance	11,890	13,432	24,374	5,133	9,182	20,670	-	-	2,317	3,952	577	91,527
Interest	-	-	-	-	2,460	13,879	-	119,129	-	-	-	135,468
Depreciation	1,541	1,896	3,326	1,359	1,264	31,288	-	233,218	18,456	21,291	-	313,639
Miscellaneous	-	-	101	-	4,848	23,734	-	-	2,033	3,327	-	34,043
Tax fees	-	-	-	1,584	-	826	1,405	-	-	-	-	3,815
Total Expenses	\$ 701,080	\$ 1,030,554	\$ 3,652,855	\$ 755,546	\$ 604,478	\$ 576,639	\$ 67,886	\$ 457,692	\$ 467,202	\$ 194,201	\$ 79,053	\$ 8,587,186

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

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

Account Description	Program Services					Subsidiary Services			Support Services		Total
	Housing	Jobs	Education	Small Business Initiatives	Health	CCDC	Urban Pompano	Urban Ventures	Fund Development	General & Administration	
Salaries, benefits and payroll taxes	\$ 640,809	\$ 786,021	\$ 1,493,943	\$ 282,851	\$ 457,114	\$ 70,057	\$ 7,049	\$ -	\$ 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	267,349
Postage	842	1,260	1,899	63	727	6	-	-	575	1,808	7,180
Office supplies	1,321	2,748	4,099	2,832	1,044	273	-	288	2,135	1,007	15,747
Conferences & meetings	15,097	5,305	20,621	6,591	777	1,171	-	27,557	69,678	21,018	167,815
Program services	20,176	187,665	238,343	81	3,007	-	-	75	19,492	7,592	476,431
Program supplies	1,342	1,992	14,199	1,223	1,108	-	-	184	6,772	-	26,820
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	25,059
Printing & 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 services/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	56,807
Occupancy	39,852	62,117	128,018	20,428	30,824	59,034	-	1,005	21,170	24,358	386,806
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	-	-	-	-	5	-	-	1,000	2,533	4,790	8,328
Auto	-	8	127	-	-	-	-	-	-	9,315	9,450
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)	131,045
Depreciation	-	-	-	-	-	31,289	-	233,218	19,976	12,807	297,290
Miscellaneous	-	-	-	-	-	70	159	244	884	(305)	1,052
Tax fees	-	-	-	-	-	2,345	39,566	-	-	-	41,911
Pre-development construction	-	-	-	-	-	35,990	-	-	-	-	35,990
Total Expenses	\$ 829,728	\$ 1,525,486	\$ 4,655,269	\$ 517,288	\$ 584,730	\$ 323,975	\$ 81,184	\$ 419,737	\$ 498,015	\$ 83,720	\$ 9,519,132

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

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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 90 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 (CCDC), was established in 1993 initially for the purpose to acquire, develop, sponsor, purchase and rehabilitate deteriorating and/or substandard housing for subsequent sale and/or rental at affordable prices to residents of low and moderate incomes. The CCDC also provides support for community development and economic development activities, such as smallbusiness lending and loan funds. CCDC is also recognized as a Community Development Housing Organization (CHDO) certified by the Florida Housing Finance Corporation and Broward County, Florida;
- Urban Pompano, Inc. is a Florida corporation established to serve as General Partner in the Oaks of Pompano, Limited, a Florida limited partnership, along with the Cornerstone Limited Partner, LLC as the Managing General Partner and John Hancock as the Limited Partner. Urban Pompano as a general partner has a 0.02% interest in the project. The general partnership structure was not affected when the tax credits expired in 2013 and the project was refinanced eliminating John Hancock as the Limited Partner. Oaks of Pompano is a multi-family mixed income rental community in Pompano, Florida constructed in 1996 with 224 units as a low income housing tax credit project. In addition, the partnership has executed a land use restriction which requires utilization of the Project for a minimum of 30 years (affordability period).
- Urban Ventures is a single purpose entity created to hold a specific real estate asset, the Community Empowerment Center, and its related leasing. The entity was established by the Board of Directors as a risk mitigation strategy and also to allow for the lease of the Community Empowerment Center to the parent company, Urban League of Broward County, Inc.

Mission

The mission of the Urban League of Broward County is to enable African-Americans and others in historically underserved communities to secure economic self-reliance, parity, power, and civil rights.

Our Areas of Service

Education

ULBC values education as a key component for living a healthier and more 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.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 1 – NATURE OF OPERATIONS (Continued)

Entrepreneurship

ULBC's Entrepreneurship Center's M3 Model (Markets, Management & Money) helps small business owners access the tools needed to grow and develop their business. ULBC provides technical assistance, business management training and lending solutions.

Jobs

ULBC is committed to strengthening the family unit by promoting economic self-sufficiency. Through training, career building, and financial coaching we help equip individuals with tools needed to obtain gainful employment, stabilize their finances and build assets.

Justice

ULBC strives to build a stronger, safer community for the children and families we serve. Through our community justice programs, our youth learn the value of social responsibility. We use a variety of methods including the restorative justice model to engage youth in critical conversations about their interaction with peers, parents, and law enforcement.

Housing

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

Health

ULBC believes 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.

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 meeting must vote in the affirmative for the slate to be approved. The 2018-2019 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.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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.

Accordingly, ULBC's resources are classified and reported based upon the existence or absence of donor-restricted restrictions, as follows:

- Net assets without donor restriction – include those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restriction class.
- Net assets with donor restriction – include those net assets whose use by ULBC has been limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled by expending the funds for their restricted purpose. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with the investment return available for operations. Net assets with donor restrictions totaled \$4,449,781 and \$5,021,969 as of June 30, 2019 and 2018, respectively. See Note 10.

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 for the purposes mentioned above and 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 years ended June 30, 2019 and 2018. 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.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give/Contribution 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.

Loans receivable

Loans receivable represent amounts loaned to under-resourced businesses headquartered in the State of Florida. Loans are collateralized by the assets of the businesses.

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.

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 increases in net assets without restrictions 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 net assets with donor restrictions. ULBC reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ULBC reclassifies net assets with donor restrictions to net assets without donor restrictions 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 years ended June 30, 2019 and 2018 were \$7,642 and \$7,642, respectively.

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, 2019 and 2018 was \$108,862 and \$106,624, respectively, and is included in the accompanying consolidated statement of financial position.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Refundable advances and Deferred Revenue

ULBC has recorded restricted grant awards as refundable advances for approximately \$575,095 and \$931,400 as of June 30, 2019 and 2018, respectively, until such awards are expended for the purpose of the grants at which time they become unconditional and are recognized as revenue. These amounts are included in restricted cash in the consolidated statement of financial position.

Advertising costs

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2019 and 2018 was approximately \$21,861 and \$56,807, 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 2015. However, ULBC is still open to examination by taxing authorities from fiscal year 2016 forward.

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 as of June 30, 2019 and 2018 were as follows:

	June 30, 2019	June 30, 2018
Total Cash in Bank	\$ 8,232,895	\$ 9,011,284
Less: Portion insured by FDIC	(1,454,609)	(1,250,000)
Uninsured cash balances	<u>\$ 6,778,286</u>	<u>\$ 7,761,284</u>

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk (Continued)

ULBC invests in a variety of publicly traded investment vehicles, including common stocks, government and money market funds totaling \$3,039,646 and \$2,866,678 as of June 30, 2019, and 2018, 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, ULBC's investments do not represent significant concentrations of market risk inasmuch as ULBC'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.

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 ULBC for the fiscal year ending June 30, 2020. ULBC 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 recognized 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 ULBC 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. ULBC is currently evaluating the effect the provisions of ASU 2016-02 will have on the consolidated financial statements.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (continued)

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 ULBC 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 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ULBC has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspects of ULBC's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called *net assets with donor restrictions*.
- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources. ULBC has opted to not include disclosures regarding liquidity for the comparative period ending June 30, 2018 as permitted in the first year of implementation.

Use of Estimates

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

Functional Expenses Allocation

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of activities. Accordingly, costs have been allocated among the program and supporting services benefited. The expenses that are allocated are personnel expenses, which are allocated on the basis of estimates of time and effort; facilities and interest expenses and depreciation, which are allocated on a weighted-average square footage basis; and supplies and contracted services, which are allocated based on actual expenses incurred for each function.

Subsequent Events

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. ULBC's consolidated 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 23, 2019, which is the date the financial statements were available to be issued.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 3 - RESTRICTED CASH

Restricted cash at June 30, 2019 and 2018, respectively, represent amounts to be used specifically for:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Community Empowerment Campaign	\$ 1,627,107	\$ 1,856,914
Escrow bank account	422,489	353,455
State DEO and Crime Prevention	432,697	667,901
Florida DEO Loan Loss Reserve Fund	2,350,226	3,087,252
	<u>\$ 4,832,519</u>	<u>\$ 5,965,522</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 at fair market value at June 30, 2019 and 2018 and consist of the following:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Equities	\$ 1,240,609	\$ 1,162,833
Fixed income	1,686,511	1,637,118
Other investments	205,092	161,414
Total Investments	<u>\$ 3,132,212</u>	<u>\$ 2,961,365</u>

Interest, dividends and investment income is composed of the following for the years ended June 30, 2019 and 2018, respectively:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Interest and dividends	\$ 77,107	\$ 78,922
Net realized gain (loss)	110,717	(101,120)
Net unrealized gain (loss)	13,559	171,972
Investment expenses	(28,415)	(31,080)
	<u>\$ 172,968</u>	<u>\$ 118,694</u>

NOTE 5 - FAIR VALUE MEASUREMENTS

ULBC reports its fair value measures using a fair value hierarchy defined by generally accepted accounting principles in the United States. 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.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

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.

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.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of June 30, 2019:

Description	Fair Value 6/30/2019	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments	\$ 3,039,646	\$ 3,039,646	\$ -	-
Endowment	92,566	-	92,566	-
	\$ 3,132,212	\$ 3,039,646	\$ 92,566	\$ -

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

Description	Fair Value 6/30/2018	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Investments	\$ 2,866,678	\$ 2,866,678	\$ -	\$ -
Endowment	94,687	-	94,687	-
	\$ 2,961,365	\$ 2,866,678	\$ 94,687	\$ -

NOTE 6 - CONTRIBUTIONS RECEIVABLE

Contribution receivable were as follows:

	June 30, 2019	June 30, 2018
Contributions Receivable to be collected:		
Less than one year	\$ 17,375	\$ 11,500
One to five years	70,626	77,721
Total Contribution Receivable	88,001	89,221
Less:		
Allowance for uncollectible amounts	22,786	20,711
Unamortized discount	-	3,295
Total deductions	22,786	24,006
Net contribution receivable	\$ 65,215	\$ 65,215

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 6 - CONTRIBUTIONS RECEIVABLE (Continued)

Contributions receivables at June 30, 2019 and 2018 are classified as follows:

Current contribution receivable	\$ 17,375	\$ 11,500
Long-term contribution receivable	47,840	53,715
Total contributions receivable	<u>\$ 65,215</u>	<u>\$ 65,215</u>

NOTE 7 – DONATED ASSETS

During the year ended June 30, 2019, ULBC received donated jewelry that was appraised by a certified appraiser with a fair value of \$627,043. In accordance with accounting principles generally accepted in the United States, ULBC recorded a contribution for the appraised value. ULBC intends to sell these donated assets. ULBC discounted these donated assets by \$117,143. At June 30, 2019, ULBC recorded an asset net of its valuation of \$509,900 and it is included in prepaid expenses and other assets in the consolidated statement of financial position.

NOTE 8 – HOUSING INVENTORY AND NSP LOAN

Housing inventory consists of the following:

<u>Funding Source</u>	<u>Home Reference</u>	<u>June 30, 2019</u>	<u>June 30, 2018</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
<u>Construction Work-in-Progress</u>			
TD Bank and self-financed	2713 NW 8th Street, Ft. Lauderdale	-	135,775
TD Bank and self-financed	2850 NW 15th Street, Ft. Lauderdale	-	132,512
TD Bank and self-financed	2719 NW 8th Street, Ft. Lauderdale	-	135,219
TD Bank and self-financed	2743 NW 6th Court, Ft. Lauderdale	-	130,501
		<u>1,311,659</u>	<u>1,845,666</u>
Less accumulated depreciation		(240,589)	(209,301)
Total Inventory		<u>\$ 1,071,070</u>	<u>\$ 1,636,365</u>

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, 2019 and 2018, 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.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 8 – HOUSING INVENTORY AND NSP LOAN (Continued)

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 \$31,288 and \$31,288 for the years ended June 30, 2019 and 2018, respectively.

The Construction Work-in-Progress for the year ending June 30, 2018 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. During the year ended June 30, 2019, these four homes were sold.

NOTE 9 - FIXED ASSETS

Fixed assets as of June 30, 2019 and 2018 are as follows:

Description	June 30, 2019	June 30, 2018
Land	\$ 498,810	\$ 626,780
Building (CEC)	5,953,131	5,953,131
Building and improvements	928,093	928,093
Furnishings and equipment	86,534	86,534
Vehicles	18,894	18,894
Software	189,286	169,617
Total assets	7,674,748	7,783,049
Less: accumulated depreciation	(1,942,635)	(1,660,284)
Total net fixed assets	\$ 5,732,113	\$ 6,122,765

For the years ended June 30, 2019 and 2018, the depreciation expense relating to fixed assets was \$282,351 and \$297,290, 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. These were included in land. These four lots were sold during the year ended June 30, 2019 to individual buyers.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 9 - FIXED ASSETS (Continued)

Appraisal Value

In June 2018, ULBC hired an appraisal to value its properties, the appraisal values of land and property is as follows:

<u>Funding Source</u>	<u>Home Reference</u>	<u>Appraisal Value</u>
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
		<u>1,809,000</u>

<u>Funding Source</u>	<u>Land</u>	<u>Appraisal Value</u>
Wells Fargo	530 NW 9th Avenue	\$ 81,500
Self-financed	NW 27th St., Oakland Park & 21st Ave. & 26th St., Oakland Park	1,160,000
		<u>\$ 1,241,500</u>

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

ULBC has an agreement with the Community Foundation of Broward, Inc. (the “Foundation”) to administer an Agency Endowment Fund on its behalf. Contributions to the fund and existing assets held therein are included in net assets with donor restrictions to be held in perpetuity. 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, 2019 and 2018 was \$92,566 and \$94,687, respectively.

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2019 and 2018:

<u>Description</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
State Crime Prevention and Small Business Initiative	\$ 422,489	\$ 667,901
Community Empowerment Campaign Collection	1,627,107	1,856,914
Small Business Loan Fund SE FL Receivable	500,000	500,000
Small Business Loan Match Funds	5,412	749,975
Loan receivable, net of loan loss reserve of \$102,300	642,178	-
Florida DEO Loan loss reserve, net of \$1,250,000		
Small Business Loan	1,094,814	1,087,277
Contribution receivable, net	65,215	65,215
Endowment fund held at the Foundation	92,566	94,687
Total net assets with donor restrictions	<u>4,449,781</u>	<u>5,021,969</u>

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions are held as follows:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Cash	\$ 3,149,822	\$ 4,362,067
Contribution receivable	65,215	65,215
Endowment	92,566	94,687
Loan receivable	642,178	-
Small Business Loan Fund SE FL Receivable	500,000	500,000
	<u>\$ 4,449,781</u>	<u>\$ 5,021,969</u>

NOTE 11 - 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 4, 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 1, 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 1, 2017. The current bond rate of 3.99% remains in effect. The call date was set for July 26, 2019, and a rate option on the bond was available to the bank, however, the bank did not exercise its right to tender or reset the rate.

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, 2019 and 2018 amounted to \$2,755,388 and \$2,912,097, respectively. The loan agreement contains various restrictive covenants, including an annual debt service covenant. For the year ended June 30, 2019, ULBC has complied with all compliance covenants from the bondholder. Maturities of the loan in each of the next five fiscal years and thereafter are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 163,708
2021	170,361
2022	177,284
2023	184,489
2024	191,986
Thereafter	1,867,560
	<u>\$ 2,755,388</u>

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 11 - CEC CONSTRUCTION LOAN PAYABLE (Continued)

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, 2019 and 2018, the unamortized deferred financing cost on the loan is \$91,868 and \$99,509, respectively. Finally, ULBC has a revolving line of credit for a maximum credit limit of \$750,000 bearing interest at 5.50%. The balance at June 30, 2019 and 2018 was \$0.

NOTE 12 - BROWARD COUNTY GRANTS

At June 30, 2019, funding awarded by Broward County and earned was as follows:

<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	10/1/18 - 9/30/19	18-2616	\$ 272,668	\$ 229,837
Children's Services Council	ABLE/Youth Force	10/1/18 - 9/30/19	16-2612	185,862	176,021
Children's Services Council	Heathly Youth Transition	10/1/18 - 9/30/19	16-2613	283,680	250,270
Children's Services Council	MOST Summer	05/1/19 - 8/31/19	17-2614	111,625	91,099
Broward County - Family Success Admin	Individual Development Account	10/1/16 - 12/31/21	1516-04-50-02	40,000	16,571
Broward County - Family Success Admin	Center for Working Families	10/1/18 - 9/30/19	19-FSAD-8206-1	125,000	115,642
				<u>\$ 1,018,835</u>	<u>\$ 879,440</u>

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

<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	Heathly Youth Transition	10/1/17 - 9/30/18	16-2613	283,680	264,781
Children's Services Council	MOST Summer	05/1/18 - 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
Broward County - Family Success Admin	Individual Development Account	10/1/16 - 12/31/21	1516-04-50-02	40,000	22,574
Broward County - Family Success Admin	Center for Working Families	10/1/17 - 9/30/18	17-FSAD-8206-1	125,000	142,670
Broward County - Housing & Community Redevelopment	Broward County Infill Lots	04/1/17 - 8/31/18	N/A	80,000	53,728
				<u>\$ 1,057,997</u>	<u>\$ 1,023,872</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, 2019 and 2018, fundraising expenses were approximately \$467,202 and \$498,015, respectively.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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 \$115,254 and \$99,995 for the years ended June 30, 2019 and 2018, 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 with two 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 \$879,440 and \$1,023,872 for the year ended June 30, 2019 and 2018, respectively.

ULBC leases computer and office equipment for its operations. Total rental expense for the years ended June 30, 2019 and 2018, was approximately \$136,244 and \$82,848, respectively. Future minimum rental payments required under operating leases extending beyond June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	
2020	\$ 113,280
2021	34,875
2022	2,633
2023	2,633
2024	2,633
	<u>\$ 156,054</u>

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 programs, if any, cannot be determined at this time. No provision for any liability that may result has been made in the consolidated financial statements.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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, 2019 and 2018, the fund balance with earnings (losses) less distributions totaled approximately \$475,379 and \$486,605, 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 asset of ULBC.

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 \$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 \$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. The agreement was renewed through June 30, 2021. 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. 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 small businesses headquartered in the State of Florida, with average annual gross revenues of \$5,000,000 or less per year for the last two years and with a maximum number of 25 employees. Loans will range from \$10,000 to \$1,000,000 and each loan will receive a 50% guarantee from the loans loss guarantee and shall be guaranteed for a maximum of seven years. Only one guarantee will be obligated to a single borrower at any point in time.

As of June 30, 2019, ULBC has a total of \$2,344,814 for the loan guarantee. This amount is included in net assets with donor restrictions and will only be accessed as reserves for loan losses.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 19 – LOANS RECEIVABLE

On May 14, 2019, CCCDC, a subsidiary of ULBC, purchased eight separate loan receivables totaling \$745,000 under the SBA Program from NDC Community Impact Loan Fund (“NDC”). As part of the purchase agreement, NDC maintains the billing and collection of funds and then remits collections of outstanding principal and interest to CCCDC. The organization’s loan portfolio is composed of loans that are primarily secured by the borrower’s business assets. The loans bear interest at various rates between 4.39% and 9.77% and have minimum payments between \$183 and \$2,039. The loans have various maturity dates between March 2025 through July 2026.

The loan portfolio consisted of the following at June 30, 2019:

<u>Borrower</u>	<u>Industry</u>	<u>Balance at June 30, 2019</u>
A.B.F. Learning Center, Inc.	Commercial	\$ 60,000
Blu Vliess Massage & Spa, LLC	Commercial	49,478
DavidIPhoto	Commercial	60,000
EDC3 LLC	Commercial	250,000
Taylor's Tots Preschool, Inc.	Commercial	55,000
Pleasant Image Distributing, Inc.	Commercial	50,000
ILA Corporation	Commercial	155,000
Quality Engineering LLC	Commercial	65,000
		<u>744,478</u>
Less:		
loan loss reserve		<u>(102,300)</u>
Total loans receivable, net		<u>\$ 642,178</u>

Maturities of loans receivable are as follows

<u>Year Ending June 30,</u>	
2020	\$ 45,689
2021	56,836
2022	67,024
2023	71,008
2024	75,260
Thereafter	428,661
	<u>\$ 744,478</u>

NOTE 20 - 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.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE 21 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

ULBC monitors its liquidity so that it is able to meet its operating needs while maximizing the investment of its excess operating cash. ULBC has the following financial assets that could be made readily available within one year of the statement of financial position date to fund operating expenses without limitation, such as donor-imposed or contractual restrictions or internal designations, as of June 30, 2019:

Cash and cash equivalents	\$ 3,354,160
Investments	3,039,646
Grants and contracts receivable	753,216
Contributions receivable, current	<u>17,375</u>
Total current assets available	7,164,397
Less those unavailable for general expenditures within one year as follows:	
Board designated activities	(670,948)
Financial assets available to meet cash needs fo general expenditures within one year	<u><u>\$ 6,493,449</u></u>

NOTE 22 – RESTATEMENT OF NET ASSETS

Net assets for the year ended June 30, 2018 have been restated as a result of an expense and liability being recorded incorrectly for \$43,773. ULBC reviewed its fiscal agent liability and determined that an adjustment was necessary to correctly report its liability at June 30, 2018 and to reconcile this liability to its fiscal agent bank account.

Net assets as of June 30, 2018, as previously stated	\$ 14,299,992
Correction with respect to:	
Fiscal agent payable	<u>43,773</u>
Net assets as of June 30, 2018, as restated	<u><u>\$ 14,343,765</u></u>

In addition, during ULBC’s transition to the new net asset reporting, a reclassification was necessary to accurately reflect net assets with donor restrictions and net assets without donor restrictions and to reconcile ULBC’s net assets with restrictions to its corresponding asset as of June 30, 2018. For the year ended June 30,2018, ULBC reclassified \$1,361,396 from net assets with donor restrictions to net assets without donor restrictions.

SUPPLEMENTARY INFORMATION

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<i>Federal Pass-through Grantor Program Title</i>	<i>Federal CFDA Number</i>	<i>Contract Grant Number</i>	<i>Expenditure</i>
FEDERAL AWARDS:			
U.S. Department of Health and Human Services			
<i>Pass-through Broward Healthy Start Coalition:</i>			
Maternal and Child Health Services Block Grant to the States	93.994	ULBC FY 2016-2017 Amend. #4	\$ 91,282
Assets for Independence Demonstration Program	93.602	17-FSAD22194-1	16,752
Medical Assistance Program	93.778	ULBC FY 2016-2017 Amend. #4	217,690
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges	93.332	ACA	4,684
Total U.S. Department of Health and Human Services			<u>330,408</u>
U.S. Department of Housing and Urban Development			
Housing Counseling Assistance Program	14.169	NUL/HUD	42,831
Total U.S. Department of Housing and Urban Development			<u>42,831</u>
U.S. Department of Labor			
H-1B Job Training Grants	17.268	n/a	298,525
Total U.S. Department of Labor			<u>298,525</u>
U.S. Department of Treasury			
Community Development Financial Institutions Program	21.020	161TA020977	81,200
Total U.S. Department of Treasury			<u>81,200</u>
U.S. Department of Veteran Affairs			
VA Supportive Services for Veteran Families Program	64.033	1314-07-50-04	171,180
Total U.S. Department of Homeland Security			<u>171,180</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 924,144</u>

**URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019**

<i>State Pass-through Grantor Program Title</i>	<i>Federal CSFA Number</i>	<i>Contract Grant Number</i>	<i>Expenditure</i>
STATE FINANCIAL ASSISTANCE:			
Florida Department of Education			
<i>Pass-through Florida Education Fund:</i>			
Florida Education Fund	48.07	n/a	\$ 26,000
Total Florida Department of Education			<u>26,000</u>
Florida Department of Economic Opportunity			
<i>Pass-through Broward College:</i>			
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	CON-000001159	132,241
Workforce Development Projects	40.037	WL038	709,998
Total Florida Department of Economic Opportunity			<u>842,239</u>
Florida Department of Legal Affairs and Attorney General			
Youth Crime Prevention and Intervention Program	41.005	C-00002	2,437,835
Total U.S. Department of Labor			<u>2,437,835</u>
Florida Department of Health			
Closing the Gap	64.052	CMO09	100,000
Total U.S. Department of Homeland Security			<u>100,000</u>
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			<u>\$ 3,406,074</u>

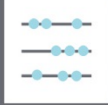
URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE
FINANCIAL ASSISTANCE
JUNE 30, 2019

NOTE A - 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 B - DE MINIMUS INDIRECT COST RATE

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



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*

To the Board of Directors of
Urban League of Broward County, Inc. and Subsidiaries
Fort Lauderdale, Florida

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 Urban League of Broward County, Inc. ("ULBC"), a nonprofit organization, which comprise the statement of financial position as of and for the year ended June 30, 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October XX, 2019.

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 the 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*.

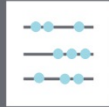
Purpose of this Report

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 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 23, 2019



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

To the Board of Directors of
Urban League of Broward County, Inc.
Fort Lauderdale, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Urban League of Broward County's ("ULBC"), compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Circular 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, 2019. ULBC's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with 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 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 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 ULBC's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, 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, 2019.

Report on Internal Control Over Compliance

Management of 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 ULBC internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and 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 ULBC 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program and 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 the 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.

A handwritten signature in black ink that reads "Verónica De Armas Trujillo". The signature is written in a cursive style with a dot over the 'i' in Trujillo.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
October 23, 2019

**URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND
 STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? _____ yes X no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards and State Projects

Type of auditor's report issued on compliance for major federal programs and state projects:

Unmodified

Internal control over major federal programs and state projects:

- Material weakness (es) identified? _____ yes X no
- Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance the Uniform Guidance or Chapter 10.650, *Rules of the Auditor General*?

_____ yes X no

Identification of major federal programs and state projects:

Federal Program/State Project or Cluster	CFDA/CSFA Number	Expenditures
H-1B Job Training Grants	17.268	\$ 298,525
Youth Crime Prevention and Intervention Program	41.005	\$ 2,437,835

**URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAMS AND
STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Dollar threshold used to distinguish between type A and
type B federal programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

Dollar threshold used to distinguished between type A and
type B state projects: \$ 750,000

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

**SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS
AND STATE PROJECTS**

The audit disclosed no matters that are reportable for the current year.

SECTION IV – OTHER ISSUES

1. No management letter was issued for the year ended June 30, 2019.
2. No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings relating to Federal Award Programs or State Financial Assistance Projects.
3. No corrective action plan is required because there were no findings required to be reported under the Uniform Guidance or the Department of Financial Services' State Project Compliance Supplement.

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	Urban League of Broward County, Inc.	CCCDC	Urban Pompano	Urban Ventures	Inter-company Eliminations	Consolidated Total
CURRENT ASSETS						
Cash and cash equivalents	\$ 2,024,598	\$ 1,044,121	\$ 285,441	\$ -	\$ -	\$ 3,354,160
Restricted cash	432,697	2,350,226	-	2,049,596	-	4,832,519
Investments	3,039,646	-	-	-	-	3,039,646
Grants and contracts receivable	753,216	-	-	-	-	753,216
Loan receivable, current	-	45,689	-	-	-	45,689
Contributions receivable, net	-	-	-	17,375	-	17,375
Prepaid expenses and other assets	571,398	48,648	-	33,152	-	653,198
TOTAL CURRENT ASSETS	6,821,555	3,488,684	285,441	2,100,123	-	12,695,803
Contribution receivable, net	-	-	-	47,840	-	47,840
SB loan fund receivable	-	500,000	-	-	-	500,000
Loan receivable	-	698,789	-	-	-	698,789
Investments	92,566	-	-	-	-	92,566
Housing inventory	-	1,071,070	-	-	-	1,071,070
Bond issue costs	-	-	-	91,868	-	91,868
Property and equipment, net	451,425	47,385	-	5,233,303	-	5,732,113
TOTAL ASSETS	\$ 7,365,546	\$ 5,805,928	\$ 285,441	\$ 7,473,134	\$ -	\$ 20,930,049
CURRENT LIABILITIES						
Accounts payable	\$ 327,145	\$ -	\$ 6,902	\$ 29,953	\$ -	\$ 364,000
Accrued payroll	144,364	-	-	-	-	144,364
Accrued vacation	108,862	-	-	-	-	108,862
Refundable advances and deferred revenue	575,095	-	-	-	-	575,095
Fiscal agent payable	161,855	-	-	-	-	161,855
CEC construction loan payable - current	-	-	-	163,708	-	163,708
Small business loan fund - accrued interest	-	21,391	-	-	-	21,391
TOTAL CURRENT LIABILITIES	1,317,321	21,391	6,902	193,661	-	1,539,275
NSP loan covenant	-	1,047,178	-	-	-	1,047,178
Loan loss reserve	-	102,300	-	-	-	102,300
CEC construction loan payable	-	-	-	2,591,680	-	2,591,680
Small business loan fund	-	1,250,000	-	-	-	1,250,000
TOTAL LIABILITIES	1,317,321	2,420,869	6,902	2,785,341	-	6,530,433
NET ASSETS						
Without donor restrictions - board designated	670,948	-	-	-	-	670,948
Without donor restrictions	5,284,711	1,142,655	278,539	2,572,982	-	9,278,887
With donor restrictions	92,566	2,242,404	-	2,114,811	-	4,449,781
TOTAL NET ASSETS	6,048,225	3,385,059	278,539	4,687,793	-	14,399,616
TOTAL LIABILITIES AND NET ASSETS	\$ 7,365,546	\$ 5,805,928	\$ 285,441	\$ 7,473,134	\$ -	\$ 20,930,049

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

URBAN LEAGUE OF BROWARD COUNTY, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Urban League of Broward County, Inc.	CCDC	Urban Pompano	Urban Ventures	Inter-company Eliminations	Consolidated Total
PUBLIC SUPPORT AND REVENUE:						
Federal grants	\$ 842,808	\$ 75,500	\$ -	\$ -	\$ -	\$ 918,308
State grants	3,108,236	239,515	-	-	-	3,347,751
Broward County grants	879,440	-	-	-	-	879,440
Other private sector grants	27,470	-	-	-	-	27,470
United Way	259,020	-	-	-	-	259,020
Foundation grants	1,554,736	-	-	-	-	1,554,736
Inkind contributions	626,168	-	-	-	-	626,168
Other contributions	246,412	25	-	-	-	246,437
TOTAL PUBLIC SUPPORT	7,544,290	315,040	-	-	-	7,859,330
REVENUE						
Special events, net	328,695	-	-	-	-	328,695
Rental income	-	91,252	-	104,856	-	196,108
Investment income, net	178,493	-	-	-	-	178,493
Other revenue	-	1,553	76,537	321	-	78,411
TOTAL REVENUE	507,188	92,805	76,537	105,177	-	781,707
TOTAL PUBLIC SUPPORT AND REVENUE	8,051,478	407,845	76,537	105,177	-	8,641,037
EXPENSES:						
Salaries, benefits and payroll taxes	3,705,051	278,259	60,965	225	-	4,044,500
Professional fees	249,811	81,280	5,333	26,641	-	363,065
Telephone & network	263,864	10,365	-	-	-	274,229
Postage	5,434	58	-	9	-	5,501
Office supplies	16,414	7,078	-	1,991	-	25,483
Conferences & meetings	120,432	8,874	-	32,006	-	161,312
Program services	380,174	200	-	214	-	380,588
Program supplies	31,271	-	-	295	-	31,566
Contracted services	1,965,554	20,625	-	799	-	1,986,978
Travel	24,349	527	-	-	-	24,876
Printing & publications	36,754	1,787	-	-	-	38,541
Dues & subscriptions	28,040	-	-	-	-	28,040
Donated services/expenses	116,268	-	-	-	-	116,268
Advertising	21,861	-	-	-	-	21,861
Occupancy	315,704	66,620	-	9,310	-	391,634
Equipment rental & repair	28,551	4,697	-	32,137	-	65,385
Licenses & fees	26,740	5,576	159	319	-	32,794
Bank charges	7,778	296	24	1,399	-	9,497
Special events	1,548	-	-	-	-	1,548
Auto	5,030	-	-	-	-	5,030
Insurance	70,857	20,670	-	-	-	91,527
Interest	2,460	13,879	-	119,129	-	135,468
Depreciation	49,133	31,288	-	233,218	-	313,639
Tax fees	1,574	826	1,405	-	-	3,805
Miscellaneous	10,317	23,734	-	-	-	34,051
TOTAL EXPENSES	7,484,969	576,639	67,886	457,692	-	8,587,186
CHANGE IN NET ASSETS	566,509	(168,794)	8,651	(352,515)	-	53,851
BEGINNING NET ASSETS, as adjusted	5,481,716	3,553,853	269,888	5,040,308	-	14,345,765
ENDING NET ASSETS	6,048,225	3,385,059	278,539	4,687,793	-	14,399,616

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