



THE URBAN LEAGUE OF PHILADELPHIA

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

THE URBAN LEAGUE OF PHILADELPHIA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Urban League of Philadelphia

Report on the Financial Statements

We have audited the accompanying financial statements of The Urban League of Philadelphia, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets (deficiency), functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of The Urban League of Philadelphia as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
January 15, 2018

THE URBAN LEAGUE OF PHILADELPHIA

Statements of Financial Position

	June 30	
	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets:		
Cash (including CCIS cash of \$3,998,001 in 2017 and \$4,093,215 in 2016)	\$ 4,054,790	\$ 4,381,154
Contributions receivable, net of allowance for doubtful accounts of \$34,367 in 2017 and \$29,968 in 2016	112,455	157,270
Grants and fees receivable	410,343	549,534
Security deposits	30,038	30,038
Prepaid expense and other assets	<u>86,295</u>	<u>22,444</u>
Total current assets	4,693,921	5,140,440
Property and equipment , net of accumulated depreciation of \$139,025 in 2017 and \$136,763 in 2016	<u>707</u>	<u>2,197</u>
	<u>\$ 4,694,628</u>	<u>\$ 5,142,637</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 583,357	\$ 751,882
Current portion of note payable	95,846	167,598
Accrued expenses	227,167	252,066
Due to others	3,570,891	3,768,822
Deferred revenue and other liabilities	<u>187,492</u>	<u>269,057</u>
Total current liabilities	4,664,753	5,209,425
Long-term portion of note payable	<u>-</u>	<u>119,904</u>
	<u>4,664,753</u>	<u>5,329,329</u>
Commitments		
NET ASSETS (DEFICIENCY)		
Unrestricted	(117,785)	(359,352)
Temporarily restricted	<u>147,660</u>	<u>172,660</u>
Total net assets (deficiency)	<u>29,875</u>	<u>(186,692)</u>
	<u>\$ 4,694,628</u>	<u>\$ 5,142,637</u>

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Statements of Activities and Changes in Net Assets (Deficiency)

	Year Ended June 30					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public support and revenue:						
Grants and fees	\$ 45,267,021	\$ -	\$ 45,267,021	\$ 43,465,673	\$ 60,000	\$ 43,525,673
Contributions	524,247	59,000	583,247	275,623	59,000	334,623
Special events	659,386	-	659,386	601,336	-	601,336
Interest income	477	-	477	75	-	75
Other revenue	13,309	-	13,309	14,878	-	14,878
Membership dues	11,137	-	11,137	18,822	-	18,822
	<u>46,475,577</u>	<u>59,000</u>	<u>46,534,577</u>	<u>44,376,407</u>	<u>119,000</u>	<u>44,495,407</u>
Net assets released from restrictions	<u>84,000</u>	<u>(84,000)</u>	<u>-</u>	<u>144,000</u>	<u>(144,000)</u>	<u>-</u>
	<u>46,559,577</u>	<u>(25,000)</u>	<u>46,534,577</u>	<u>44,520,407</u>	<u>(25,000)</u>	<u>44,495,407</u>
Expenses:						
Program services:						
Advocacy and policy	525,350	-	525,350	846,154	-	846,154
Business and talent diversity	730,685	-	730,685	489,568	-	489,568
Community and economic development	44,309,953	-	44,309,953	42,544,245	-	42,544,245
Support services	752,022	-	752,022	1,047,022	-	1,047,022
	<u>46,318,010</u>	<u>-</u>	<u>46,318,010</u>	<u>44,926,989</u>	<u>-</u>	<u>44,926,989</u>
Change in net assets	<u>241,567</u>	<u>(25,000)</u>	<u>216,567</u>	<u>(406,582)</u>	<u>(25,000)</u>	<u>(431,582)</u>
Net assets (deficiency) at beginning of year	<u>(359,352)</u>	<u>172,660</u>	<u>(186,692)</u>	<u>47,230</u>	<u>197,660</u>	<u>244,890</u>
Net assets (deficiency) at end of year	<u>\$ (117,785)</u>	<u>\$ 147,660</u>	<u>\$ 29,875</u>	<u>\$ (359,352)</u>	<u>\$ 172,660</u>	<u>\$ (186,692)</u>

See notes to financial statements

THE URBAN LEAGUE OF PHILADELPHIA

**Statement of Functional Expenses
Year Ended June 30, 2017**

	Program Services			Support Services				
	Advocacy and Policy	Business and Talent Diversity	Community and Economic Development	Total Program Services	Fund Development	Management Services	Total Support Services	Total Expenses
Salaries	\$ 71,996	\$ 164,980	\$ 1,970,544	\$ 2,207,520	\$ 4,251	\$ 252,756	\$ 257,007	\$ 2,464,527
Benefits and taxes	51,814	64,377	753,238	869,429	769	57,128	57,897	927,326
Professional services	185,958	325,040	40,485,251	40,996,249	216,605	202,698	419,303	41,415,552
Meals, travel and meetings	10,236	6,553	3,296	20,085	56,674	15,461	72,135	92,220
Special events	34,777	500	800	36,077	103,339	12,000	115,339	151,416
Office expense	26,319	56,070	158,186	240,575	34,471	-	34,471	275,046
Expendable equipment	95	-	58,108	58,203	14,202	1,789	15,991	74,194
Occupancy	4,094	22,696	335,017	361,807	-	114,774	114,774	476,581
Utilities	3,078	6,512	53,667	63,257	25	24,479	24,504	87,761
Insurance	-	-	25,037	25,037	-	19,675	19,675	44,712
Interest expense	-	-	-	-	-	13,783	13,783	13,783
Scholarships	90,200	-	-	90,200	-	-	-	90,200
Other expenses	(12,875)	17,697	139,517	144,339	17,416	40,675	58,091	202,430
Indirect administrative costs	59,658	66,260	327,292	453,210	-	(453,210)	(453,210)	-
Total expenses before depreciation	525,350	730,685	44,309,953	45,565,988	447,752	302,008	749,760	46,315,748
Depreciation	-	-	-	-	-	2,262	2,262	2,262
Total functional expenses	\$ 525,350	\$ 730,685	\$ 44,309,953	\$ 45,565,988	\$ 447,752	\$ 304,270	\$ 752,022	\$ 46,318,010

THE URBAN LEAGUE OF PHILADELPHIA

**Statement of Functional Expenses
Year Ended June 30, 2016**

	Program Services			Support Services				Total Expenses
	Advocacy and Policy	Business and Talent Diversity	Community and Economic Development	Total Program Services	Fund Development	Management Services	Total Support Services	
Salaries	\$ 112,545	\$ 111,600	\$ 1,920,502	\$ 2,144,647	\$ 46,053	\$ 458,647	\$ 504,700	\$ 2,649,347
Benefits and taxes	56,590	34,110	723,501	814,201	5,045	117,393	122,438	936,639
Professional services	424,684	169,128	38,701,228	39,295,040	291,072	223,701	514,773	39,809,813
Meals, travel and meetings	17,500	653	4,719	22,872	179	27,681	27,860	50,732
Special events	32,215	4,726	649	37,590	111,313	1,125	112,438	150,028
Office expense	25,034	49,244	131,304	205,582	28,243	7,230	35,473	241,055
Expendable equipment	-	-	51,844	51,844	2,276	18,998	21,274	73,118
Advertising	12	134	-	146	916	-	916	1,062
Occupancy	6,282	20,195	330,371	356,848	-	138,058	138,058	494,906
Utilities	2,839	4,333	55,307	62,479	-	25,509	25,509	87,988
Insurance	-	-	31,018	31,018	-	18,200	18,200	49,218
Interest expense	-	-	-	-	-	21,028	21,028	21,028
Scholarships	89,000	-	-	89,000	-	-	-	89,000
Other expenses	15,850	27,775	147,018	190,643	23,089	53,925	77,014	267,657
Indirect administrative costs	63,603	67,670	446,784	578,057	-	(578,057)	(578,057)	-
Total expenses before depreciation	846,154	489,568	42,544,245	43,879,967	508,186	533,438	1,041,624	44,921,591
Depreciation	-	-	-	-	-	5,398	5,398	5,398
Total functional expenses	\$ 846,154	\$ 489,568	\$ 42,544,245	\$ 43,879,967	\$ 508,186	\$ 538,836	\$ 1,047,022	\$ 44,926,989

THE URBAN LEAGUE OF PHILADELPHIA

Statements of Cash Flows

	Year Ended June 30	
	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 216,567	\$ (431,582)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	2,262	5,398
Bad debt expense	94,349	58,560
(Increase) decrease in assets:		
Contributions receivable	(49,534)	(2,036)
Grants and fees receivable	139,191	(179,284)
Prepaid expense and other assets	(63,851)	40,337
Increase (decrease) in liabilities:		
Accounts payable	(168,525)	164,660
Accrued expenses	(24,899)	44,257
Due to others	(197,931)	392,168
Deferred revenue and other liabilities	(81,565)	91,746
Net cash provided by (used in) operating activities	<u>(133,936)</u>	<u>184,224</u>
Cash flows from investing activities:		
Acquisition of property and equipment	<u>(772)</u>	<u>-</u>
Cash flows from financing activities:		
Proceeds from note payable	-	300,000
Payments on note payable	(191,656)	(12,498)
Payments on line-of-credit	-	(177,456)
Net cash provided by (used in) financing activities	<u>(191,656)</u>	<u>110,046</u>
Net increase (decrease) in cash	(326,364)	294,270
Cash at beginning of year	4,381,154	4,086,884
Cash at end of year	<u>\$ 4,054,790</u>	<u>\$ 4,381,154</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 13,783</u>	<u>\$ 21,028</u>

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements June 30, 2017 and 2016

NOTE A - ORGANIZATION AND DESCRIPTION OF PROGRAMS

[1] Organization:

The Urban League of Philadelphia (the "League") is a nonpartisan, nonprofit community service organization using the tools and methods of social work, economics, law, and other disciplines to secure equal opportunity in all sectors of society for African Americans and other people of color.

[2] Description of programs:

Advocacy and Policy

The State of Black Philadelphia is a publication created by The Urban League of Philadelphia. It is a comprehensive look at the persistent disparities that exist between black and white Philadelphians in the five areas of economics, health, education, civic engagement, and social justice.

The Urban League Guild (the "Guild") provides a host of volunteers for special engagements and helps to support the League through annual fundraisers. Among many community service projects, those that provide assistance to abused children are the Guild's primary focus.

The Network of Extraordinary Talent ("NExT") is a network of young professionals who provide leadership development, economic empowerment, and community volunteer opportunities for other young professionals. The organization trains, develops, and educates young professionals to take leadership roles within the civil rights movement and society at large. Members of NExT are defining, developing, implementing and leading the next generation's civil rights agenda.

Business and Talent Diversity

Through its employment services, the League empowers African Americans and others to connect with self-sustaining employment opportunities either via training opportunities, links to employers, or other employment services.

The Urban Leadership Forum is Philadelphia's first leadership development program for people of color. It is designed to identify and train minority leaders and establish a forum for promoting effective leadership in all sectors of society. Participants must successfully manage a community service project team process, a key component of the Urban Leadership Forum design.

Community and Economic Development

The Child Care Information Services ("CCIS") program is operated in accordance with a contract with the Commonwealth of Pennsylvania, Department of Public Welfare ("DPW"), to administer the subsidized childcare program for the northwest area of Philadelphia County. The League is responsible for determining eligibility for families seeking subsidized childcare funding, managing a waiting list for subsidized childcare funding, and managing the payment system to participating childcare providers. The League is reimbursed by DPW for amounts paid to childcare providers.

Housing counseling is provided to individuals who seek assistance for prepurchase counseling, fair housing rights information, lending practices, money management, credit repair, budgeting, real estate selection, and relief from foreclosures and predatory lending. The League also assists renters with tenant rights. Escrow counseling is available for clients living in substandard housing with licensing and inspection violations. Recognized as one of the City of Philadelphia's 30 endorsed housing agencies, the League conducts advocacy on behalf of low-income families and make referrals to all government programs.

The financial literacy program focuses on educating individuals on how to manage their finances responsibly. This program is tailored to both youth and adults.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation:

The accompanying financial statements of the League have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

[2] Classification of net assets:

- ***Unrestricted***

Unrestricted net assets are used to account for funds which have not been restricted by donors and over which the Board of Directors has discretionary control.

The Board has designated \$119,000 of its unrestricted net assets for each of the years ended June 30, 2017 and 2016 as an operating reserve account to enhance the overall long-term security for the League to fund its programs.

- ***Temporarily Restricted***

Temporarily restricted net assets are used to account for funds which have been donor-restricted for specific periods or purposes. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets (deficiency) as net assets released from restrictions. Contributions whose restrictions are met in the same period as the contributions are received are classified as unrestricted net assets.

- ***Permanently Restricted***

Permanently restricted net assets are subject to donor-imposed restrictions that they be maintained permanently by the League. Generally, the donors of these assets permit the League to use all or part of the income earned on related investments for general or specific purposes.

As of June 30, 2017 and 2016, the League did not have any permanently restricted net assets.

[3] Use of estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

[4] Revenue recognition:

Grant and fee revenue is generally recognized as expenditures are made for the particular contract or government grant. Grant revenue from private sources is recognized when received. Fee-for-service revenue is recognized when services are provided.

[5] Contributions:

Contributions are recognized when the donor makes a promise to the League that is unconditional. Contributions of assets other than cash are recorded at their estimated fair values at the date of donation.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Allowance for doubtful accounts:

The League evaluates its receivables for contributions and grants and fees on a periodic basis to determine collectability. Bad debts are provided for on the allowance method based on historical experience and management's evaluation of outstanding receivables. Accounts are written off when they are deemed uncollectable. As of June 30, 2017 and 2016, the League had an allowance for doubtful accounts related to contributions receivable of \$34,367 and \$29,968, respectively. As of both June 30, 2017 and 2016, the League had an allowance for doubtful accounts related to grants and fees receivable of \$-0-.

[7] Property and equipment:

Purchased property and equipment over \$1,000 are capitalized at cost and depreciated using the straight-line method over their estimated useful lives of three to seven years. Donated property and equipment are capitalized at fair value on the date of donation and depreciated using the straight-line method over their estimated useful lives. Repair and maintenance costs are charged to current operations. At the time property and equipment are retired or disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss on disposition is credited or charged to change in net assets.

[8] Deferred revenue:

Deferred revenue consists of advances received for special events that have not yet taken place, unexpired membership dues and certain refundable advances.

[9] Federal tax status:

The Internal Revenue Service has classified the League as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code. Therefore, no provision for income taxes has been included in these financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability, if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the League and has concluded that as of June 30, 2017 and 2016 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

The League recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for either of the years ended June 30, 2017 or 2016.

[10] Allocation of administrative support and support services:

The League's management's policy is to allocate the indirect expenses of administrative support to certain programs based on revenues, headcount, or space utilization, depending on the nature of the expense. Support services include the administrative costs of supporting the League's programs, as well as fundraising costs.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements June 30, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] New accounting pronouncements:

In February 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. The ASU's core principle is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the statement of financial position and disclosing key information. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2019, with early adoption permitted. Management is currently evaluating the effect that this new guidance will have on its financial statements and related disclosures.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the presentation and disclosures to help not-for-profit organizations provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: a) net asset classes, b) investment return, c) expenses, d) liquidity and availability of resources, and e) presentation of operating cash flows. The new standard will be effective for fiscal years beginning after December 15, 2017 (which will be the year beginning on July 1, 2018 for the League), with early adoption permitted. Management is currently evaluating the impact of the adoption of ASU 2016-14 on its financial statements and related disclosures.

NOTE C - CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be received in less than one year. Contributions receivable as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
United Way allocation	\$ 59,000	\$ 59,000
United Way Donor Option, net of allowance for doubtful accounts of \$34,367 in 2017 and \$29,968 in 2016	53,455	50,665
Special events	-	47,605
	<u>\$ 112,455</u>	<u>\$ 157,270</u>

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements June 30, 2017 and 2016

NOTE D - GRANTS AND FEES RECEIVABLE

Grants and fees receivable as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Pennsylvania Department of Public Welfare	\$ 123,991	\$ 311,744
School District of Philadelphia	26,250	99,721
U.S. Small Business Administration	315	315
Office of Housing and Community Development, City of Philadelphia	32,100	17,855
Homeowners' Emergency Mortgage Assistance Program ("HEMAP"), Pennsylvania Housing Finance Agency ("PHFA") and Emergency Homeowners' Loan Program ("EHLP")	4,470	450
National Urban League/U.S. Department of Housing and Urban Development	-	14,088
Office of Neighborhood Economic Development	16,749	-
National Urban League/NeighborWorks	-	19,690
National Urban League/Urban Tech Jobs Program	89,565	-
National Urban League/Wells Fargo Foreclosure Grants from corporations	20,696	-
	<u>96,207</u>	<u>85,671</u>
	<u>\$ 410,343</u>	<u>\$ 549,534</u>

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Furniture, fixtures and equipment	\$ 105,814	\$ 105,814
Software	<u>33,918</u>	<u>33,146</u>
	139,732	138,960
Less accumulated depreciation	<u>139,025</u>	<u>136,763</u>
	<u>\$ 707</u>	<u>\$ 2,197</u>

Depreciation for the years ended June 30, 2017 and 2016 was \$2,262 and \$5,398, respectively.

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Notes to Financial Statements June 30, 2017 and 2016

NOTE F - DUE TO OTHERS

Due to others as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Due to:		
Pennsylvania Department of Public Welfare, prior years	\$ 41,981	\$ 41,981
Various daycare providers	<u>3,528,910</u>	<u>3,726,841</u>
	<u>\$ 3,570,891</u>	<u>\$ 3,768,822</u>

NOTE G - DEFERRED REVENUE AND OTHER LIABILITIES

Deferred revenue and other liabilities as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Grants	\$ 5,250	\$ 142,307
Scholarships	121,175	112,875
Unity Golf Classic	-	4,000
Memberships and other	<u>61,067</u>	<u>9,875</u>
	<u>\$ 187,492</u>	<u>\$ 269,057</u>

NOTE H - DEBT

In December 2015, the League obtained a note payable with United Bank in the amount of \$300,000 due in monthly payments of approximately \$5,800 plus interest at 6.50% through November 2016, with the remaining balance due at that time. On December 21, 2016, the agreement was amended and terms were arranged for monthly payments of approximately \$13,900 plus interest at 6.25% through January 20, 2018, with the remaining balance due at that time. The note payable is collateralized by the League's contracts with the School District of Philadelphia and the United Way.

Scheduled future maturities of long-term debt due during the year ending June 30, 2018 is \$95,846.

The interest expense incurred on the loan and line-of-credit obligations for the years ended June 30, 2017 and 2016 was \$13,783 and \$21,028, respectively.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements June 30, 2017 and 2016

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30, 2017 and 2016:

	June 30, 2017			Ending Balance
	Beginning Balance	Additions	Releases	
Scholarship funds	\$ 33,660	\$ -	\$ (25,000)	\$ 8,660
Program-restricted grants	<u>139,000</u>	<u>59,000</u>	<u>(59,000)</u>	<u>139,000</u>
	<u><u>\$ 172,660</u></u>	<u><u>\$ 59,000</u></u>	<u><u>\$ (84,000)</u></u>	<u><u>\$ 147,660</u></u>
	June 30, 2016			
	Beginning Balance	Additions	Releases	Ending Balance
Scholarship funds	\$ 58,660	\$ -	\$ (25,000)	\$ 33,660
Program-restricted grants	<u>139,000</u>	<u>119,000</u>	<u>(119,000)</u>	<u>139,000</u>
	<u><u>\$ 197,660</u></u>	<u><u>\$ 119,000</u></u>	<u><u>\$ (144,000)</u></u>	<u><u>\$ 172,660</u></u>

NOTE J - TAX DEFERRED ANNUITY PLAN

In accordance with Internal Revenue Code Section 403(b), the League sponsors an employer contributory tax deferred annuity plan that covers substantially all employees who have completed 1,000 hours of service. The plan provides for employer discretionary contributions, which are determined on an annual basis. For the years ended June 30, 2017 and 2016, the annual contribution was \$26,660 and \$27,262, respectively, based on 2% of the employees' annual salary.

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Notes to Financial Statements June 30, 2017 and 2016

NOTE K - LEASE COMMITMENTS - OPERATING LEASES

The League currently leases office space in Philadelphia under two operating leases, which expire in July 2019 and May 2021; rent is payable in monthly installments of \$16,581 and \$19,851, respectively. The League also leases office equipment with monthly lease payments ranging from \$700 to \$1,920; the equipment leases run through 2020.

Approximate minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year as of June 30, 2017 are as follows:

<u>Year Ending June 30</u>	
2018	\$ 465,768
2019	466,781
2020	233,416
2021	<u>232,527</u>
	<u>\$ 1,398,492</u>

Office rent and equipment leasing expense for the years ended June 30, 2017 and 2016 was \$431,228 and \$483,241, respectively.

NOTE L - GRANTS AND FEES

Grants and fees during the years ended June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Pennsylvania Department of Public Welfare	\$ 43,736,549	\$ 41,929,444
Grants from corporations/foundations	297,279	453,197
National Urban League/NeighborWorks	-	15,219
National Urban League/U.S. Department of Housing and Urban Development	18,406	14,088
National Urban League/Urban Tech Jobs Program	136,322	-
National Urban League/Wells Fargo Foreclosure	41,392	-
National Urban League/Entrepreneurship and Business Development	25,000	-
Office of Neighborhood Economic Development	50,000	-
Office of Housing and Community Development, City of Philadelphia	167,666	173,499
Homeowners' Emergency Mortgage Assistance Program and Pennsylvania Housing Finance Agency	-	12,483
Leadership tuition	163,100	152,300
School District of Philadelphia	443,527	464,191
Career Services fee income	100,000	157,053
Other	87,780	154,199
	<u>\$ 45,267,021</u>	<u>\$ 43,525,673</u>

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements June 30, 2017 and 2016

NOTE M - CONTRIBUTIONS

Contributions during the years ended June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
United Way Allocation	\$ 59,000	\$ 59,000
United Way Donor Option	48,097	52,521
Scholarships	74,115	55,900
Corporate support	285,269	64,632
Foundations	10,000	-
Other	106,766	102,570
	<u>\$ 583,247</u>	<u>\$ 334,623</u>

NOTE N - SPECIAL EVENTS

Special events revenue for the years ended June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Gala	\$ 430,310	\$ 291,132
Urban League Night At the Fights	59,460	156,702
Whitney M. Young Luncheon	118,865	96,765
Guild events	37,157	46,534
Secret Garden Event	-	9,490
NExT Philadelphia events	13,594	713
	<u>\$ 659,386</u>	<u>\$ 601,336</u>

NOTE O - LIQUIDITY

Management believes that the existing liquidity position is adequate to meet its current needs. Management has established an action plan to meet its long-term needs. Management has restructured the fundraising efforts and intends to expand its efforts to obtain other revenue streams.

NOTE P - CONCENTRATIONS OF CREDIT RISK

As of June 30, 2017 and 2016, the League maintained cash accounts with a bank that exceeded the limit of insurability under the Federal Deposit Insurance Corporation. The League has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on its cash balances.

For each of the years ended June 30, 2017 and 2016, approximately 96% of the League's grants and fees revenue was provided by one grantor, the Pennsylvania Department of Public Welfare. There could be a significant impact on the League and its ability to continue its operations should funding from this grantor diminish.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements June 30, 2017 and 2016

NOTE Q - CONTRIBUTED SERVICES

Contribution of services is recognized by the League as both revenue and expense in the accompanying statements of activities and changes in net assets (deficiency), if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. For the years ended June 30, 2017 and 2016, the League recognized \$26,765 and \$67,572, respectively, of in-kind contributions. In-kind contributions include advertising received in connection with fundraising events and legal fees, which are included in management services component of support services on the statements of activities and changes in net assets (deficiency).

NOTE R - SUBSEQUENT EVENTS

The League has evaluated subsequent events through January 15, 2018, which is the date the financial statements were available to be issued.

On July 13, 2017, the League was notified that its CCIS contract of approximately \$43.5 million in fiscal 2017 will not be renewed beginning with fiscal year 2019 by DPW. As a result the League's revenues and related expenses of approximately 94% of the contract revenue will be significantly reduced in fiscal year 2019. The League is actively identifying other revenue resources to offset the administrative revenues that would be lost from this contract. All other revenues received under the contract were fully offset by related expenses and as such the loss of such revenues is not expected to have a material impact on the League's financial position or results of operations.