



**Urban League of  
Eastern Massachusetts**

Financial Statements and Auditors' Report

June 30, 2011

with Comparative Totals for 2010



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# Daniel Dennis & Company LLP

*Certified Public Accountants*

To the Board of Directors of  
**URBAN LEAGUE OF EASTERN MASSACHUSETTS, INC.**

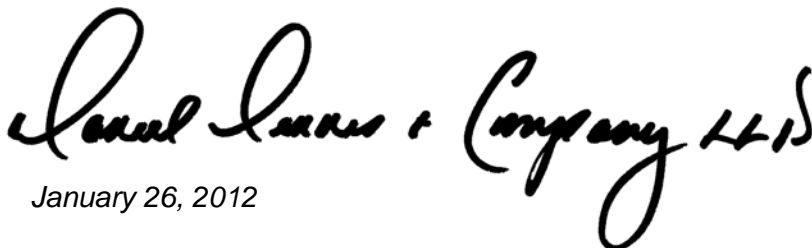
## *Independent Auditors' Report*

We have audited the accompanying statement of financial position of Urban League of Eastern Massachusetts, Inc. (ULEM) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of ULEM's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from ULEM's 2010 financial statements and, in our report dated January 26, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ULEM's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly in all material respects, the financial position of Urban League of Eastern Massachusetts, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of program expenses on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



January 26, 2012



Urban League of  
Eastern Massachusetts

Statement of Financial Position  
June 30, 2011 with Comparative Totals for 2010

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 558,159	\$ 569,243
Cash restricted for Mature Workers program	-	6,046
Accounts receivable	74,395	74,275
Unconditional promises to give	311,614	183,214
Employee receivable	13,366	12,378
Prepaid expense	<u>184,729</u>	<u>51,878</u>
Total current assets	<u>1,142,263</u>	<u>897,034</u>
<b>NON-CURRENT ASSETS:</b>		
Cash restricted for permanently restricted endowment	473,303	473,303
Cash restricted for purchase of property and equipment	30,851	30,851
Unconditional promises to give	<u>137,473</u>	<u>153,223</u>
Total non-current assets	<u>641,627</u>	<u>657,377</u>
<b>PROPERTY AND EQUIPMENT - net</b>	<u>929,540</u>	<u>967,106</u>
Total assets	<u>\$ 2,713,430</u>	<u>\$ 2,521,517</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 61,156	\$ 141,726
Refundable advances	39,780	45,826
Accrued expenses	67,420	82,810
Deferred revenue	69,430	60,650
Due to National Urban League	-	150,000
Lines of credit obligation	174,198	155,000
Capital lease obligation - current portion	3,573	6,541
Loans payable - current portion	41,979	24,276
Mortgage payable - current portion	<u>25,407</u>	<u>23,634</u>
Total current liabilities	<u>482,943</u>	<u>690,463</u>
<b>LONG-TERM LIABILITIES:</b>		
Capital lease obligation	18,175	-
Loan payable	137,297	80,725
Mortgage payable	<u>297,416</u>	<u>322,823</u>
Total long-term debt	<u>452,888</u>	<u>403,548</u>
Total liabilities	<u>935,831</u>	<u>1,094,011</u>
<b>NET ASSETS:</b>		
Unrestricted		
Board designated contingency reserve	148,750	148,674
Undesignated	<u>228,953</u>	<u>181,853</u>
Total unrestricted net assets	<u>377,703</u>	<u>330,527</u>
Temporarily restricted	926,593	623,676
Permanently restricted	<u>473,303</u>	<u>473,303</u>
Total net assets	<u>1,777,599</u>	<u>1,427,506</u>
Total liabilities and net assets	<u>\$ 2,713,430</u>	<u>\$ 2,521,517</u>

See accompanying notes to financial statements.



Urban League of  
Eastern Massachusetts

Statement of Activities  
For the Year Ended June 30, 2011 with Summarized Comparative Totals for 2010

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>PERMANENTLY RESTRICTED</b>	<b>2011 TOTAL</b>	<b>2010 TOTAL</b>
<b>REVENUE AND SUPPORT:</b>					
United Way	\$ 53,883	\$ -	\$ -	\$ 53,883	\$ 64,940
Grants and contributions	2,057,024	282,500	-	2,339,524	2,724,012
Membership dues	26,167	-	-	26,167	35,482
Special events	377,508	746,915	-	1,124,423	496,376
Less: costs of direct benefits to donors	(83,474)	-	-	(83,474)	(118,473)
Less: other direct event costs	(462,261)	-	-	(462,261)	(80,574)
Net revenue from special events	<u>(168,227)</u>	<u>746,915</u>	<u>-</u>	<u>578,688</u>	<u>297,329</u>
Fees and other income	207,901	-	-	207,901	17,994
Interest income	76	6,590	-	6,666	8,503
Net assets released from restrictions	<u>733,088</u>	<u>(733,088)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>2,909,912</u>	<u>302,917</u>	<u>-</u>	<u>3,212,829</u>	<u>3,148,260</u>
<b>EXPENSES:</b>					
Program services	2,278,376	-	-	2,278,376	2,361,453
Management and general	433,226	-	-	433,226	419,445
Fundraising	<u>151,134</u>	<u>-</u>	<u>-</u>	<u>151,134</u>	<u>167,786</u>
Total expenses	<u>2,862,736</u>	<u>-</u>	<u>-</u>	<u>2,862,736</u>	<u>2,948,684</u>
Change in net assets	47,176	302,917	-	350,093	199,576
Net assets, beginning of year	<u>330,527</u>	<u>623,676</u>	<u>473,303</u>	<u>1,427,506</u>	<u>1,227,930</u>
<b>Net assets, end of year</b>	<u>\$ 377,703</u>	<u>\$ 926,593</u>	<u>\$ 473,303</u>	<u>\$ 1,777,599</u>	<u>\$ 1,427,506</u>

See accompanying notes to financial statements.



Urban League of  
Eastern Massachusetts

Statement of Functional Expenses  
For the Year Ended June 30, 2011 with Summarized Comparative Totals for 2010

<b>DESCRIPTION</b>	<b>MANAGEMENT AND</b>			<b>2011 TOTAL</b>	<b>2010 TOTAL</b>
	<b>PROGRAMS</b>	<b>GENERAL</b>	<b>FUND- RAISING</b>		
Personnel	\$ 535,570	\$ 262,002	\$ 77,689	\$ 875,261	\$ 877,950
Participant wages and stipends	1,407,156	-	-	1,407,156	1,593,591
Consumable materials and supplies	32,129	2,078	3,710	37,917	56,348
Travel and transportation	1,378	1,541	887	3,806	5,790
Training, conferences, and meetings	3,677	9,274	4,914	17,865	12,480
Membership dues	6,692	2,514	2,627	11,833	11,127
Miscellaneous	581	20,083	8,554	29,218	14,121
Insurance	19,477	7,787	5,464	32,728	23,170
Direct assistance to clients	75,343	-	-	75,343	59,069
Facilities	125,843	39,163	33,466	198,472	149,982
Computer and equipment	7,758	2,597	1,065	11,420	8,624
Printing and reproduction	4,897	2,967	3,324	11,188	7,355
Communications	30,869	11,815	4,321	47,005	33,914
Administrative costs	<u>27,008</u>	<u>71,405</u>	<u>5,113</u>	<u>103,526</u>	<u>95,163</u>
Total expenses before administrative allocation	2,278,376	433,226	151,134	2,862,736	2,948,684
Administrative allocation	<u>422,923</u>	<u>(433,226)</u>	<u>10,303</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 2,701,299</u>	<u>\$ -</u>	<u>\$ 161,437</u>	<u>\$ 2,862,736</u>	<u>\$ 2,948,684</u>

See accompanying notes to financial statements.



Urban League of  
Eastern Massachusetts

Statement of Cash Flows  
For the Year Ended June 30, 2011 with Comparative Totals for 2010

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 350,093	\$ 199,576
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	105,303	86,051
Bad debt	22,000	8,500
Donated fixed assets	(45,989)	-
Collections of contributions restricted to purchase of property and equipment	(15,750)	(57,596)
(Increase)/decrease in operating assets:		
Cash restricted for Mature Workers program	6,046	35,335
Accounts receivable/ promises to give	(134,770)	(181,121)
Employee receivable	(988)	1,971
Prepaid expenses	(132,851)	(6,449)
Increase/(decrease) in operating liabilities:		
Accounts payable	(80,570)	38,098
Accrued expenses	(15,390)	16,120
Refundable advances	(6,046)	6,046
Due to National Urban League	(150,000)	150,000
Deferred revenue	8,780	2,012
Net cash (used in) provided by operating activities	<u>(90,132)</u>	<u>298,543</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of assets restricted to investment in property and equipment	-	10,776
Payments for property and equipment	<u>-</u>	<u>(117,503)</u>
Net cash used in investing activities	<u>-</u>	<u>(106,727)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Collections of contributions restricted to purchase of property and equipment	15,750	57,596
Proceeds from loans	100,000	86,281
Proceeds from lines of credit	120,000	-
Principal payments on lines of credit	(100,802)	(45,000)
Principal payments on capital lease obligation	(6,541)	(12,729)
Principal payments on loan payable	(25,725)	-
Principal payments on mortgage	<u>(23,634)</u>	<u>(21,987)</u>
Net cash provided by financing activities	<u>79,048</u>	<u>64,161</u>
Net (decrease) increase in cash and cash equivalents	<u>(11,084)</u>	<u>255,977</u>
Cash and cash equivalents, beginning of year	<u>569,243</u>	<u>313,266</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 558,159</u>	<u>\$ 569,243</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 42,774</u>	<u>\$ 40,263</u>
Noncash investing/ financing activity:		
Financed equipment	<u>\$ 21,748</u>	<u>\$ -</u>
Donated fixed assets	<u>\$ 45,989</u>	<u>\$ -</u>

See accompanying notes to financial statements.



## Urban League of Eastern Massachusetts

Notes to Financial Statements  
June 30, 2011 with Comparative Totals for 2010

### 1. ORGANIZATION AND ACTIVITIES

Urban League of Eastern Massachusetts, Inc. (ULEM) is an interracial community service and advocacy organization, located in Roxbury, Massachusetts, whose focus is to deliver services and programs that aim to increase the economic self-reliance of African Americans and other people of color throughout its service area and to advocate for their empowerment through math and English enhancement and the civil rights issues that critically affect their lives. It is affiliated with the National Urban League, Inc. and is a member of the United Way of Massachusetts Bay.

ULEM operates the following major programs:

#### *WORKFORCE DEVELOPMENT PROGRAMS AND SERVICES*

*Customer Service and Sales Training (CSST):* In a service based economy, repeat business is essential to revenue maximization. We understand that the “bottom line” is a top priority and we have infused this concept into our six week CSST training program. Through our partnership with a leading customer service training firm we have developed a curriculum that not only teaches our clients the fundamentals of the customer service industry but certifies our graduates in *Customer Service Excellence*. Training content is divided into five major areas: job readiness, communication, customer service, telephone skills, and retail sales. Our trainees learn to communicate effectively, project a customer friendly image, and build customer relationships that drive sales upward.

*Fund Accountant Preparatory Program (FAPP):* Developed in partnership with State Street Corporation, we have designed an extensive screening, selection, and training program that targets individuals that who are committed to the working in the financial industry. The FAPP training program has two phases: a six-week professional development and technology training provided by ULEM and a two-week orientation followed by a six-month New Hire Training program (OJT/internship) at the partner corporation. Upon completion of the FAPP, State Street offers full-time positions as Fund Accountants to select participants based on job availability and candidates' performance. Outcomes indicate that participants retain their positions longer than recent college graduates.

*Online Learning Readiness (OLLR):* The OLLR curriculum is designed to help students learn how to become successful in an online learning environment. This program is for individuals who have little to no computer skills and want to become computer/internet search savvy. Students learn to: 1) Become proficient in using email and the internet; 2) Acquire basic technology skills in Microsoft Word, Excel, Power Point, and Access; 3) Create a digital portfolio (resume, cover letter, thank you letter etc.) needed for a successful job search; 4) Learn appropriate work readiness skills and techniques; and 5) Learn computer and internet safety.

*Case Management:* All clients who participate in our professional skills training programs are eligible to receive case management services. Case management is the most significant asset and strongest component of ULEM's programs, according to ULEM's evaluation, feedback from partners and employers. This is due in large part to the fact that our staff is reflective of the constituents that we serve and are able to provide resources to overcome obstacles to employment; the case manager also does follow up and tracking of the participants placements once they complete the program for up to 24 months.



Urban League of  
Eastern Massachusetts

Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**1. ORGANIZATION AND ACTIVITIES - CONTINUED**

*WORKFORCE DEVELOPMENT PROGRAMS AND SERVICES - CONTINUED*

*Case Management - Continued*

Our efforts help clients develop concrete support and employment plans extending far beyond the time they spend training with us.

*Employment Resource Center (ERC):* In today's job market diligence alone will not lead to gainful employment. Gone are the days of "help wanted" signs and advertisements in the Sunday newspaper. Conducting a successful job search now requires skill, patience, proper techniques, and an internet connection. ERC is a career center that not only provides one-on-one job search support, but access to all the tools individuals need for a successful independent job search.

*Pathways to Employment (PTE):* Our workshop based PTE program is designed for the busy job seeker who can't commit to the demanding schedule of our professional skills training programs. These workshops occur twice a month and assist individuals in updating their job search techniques and learning workplace professionalism standards. PTE workshops are part of our Employment Resource Center offerings and are available to all clients.

**MATURE WORKERS PROGRAM (MWP)**

Funded in part by the Department of Labor and administered in partnership with the National Urban League, ULEM's MWP is an innovative community-based workforce development program specifically for the unemployed ages 55 and older. The program serves over 150 people annually and combines soft and hard skills training, collaborations with employers and 100+ community-based nonprofit agencies in which the participants are placed to work and gain these skills. Simultaneously participants focus on job placement with career coaching and retention support from ULEM.

**SMALL BUSINESS SERVICES**

*Small Business Enterprise:* ULEM's Small Business Enterprise offers a pathway to economic self sufficiency for small businesses. ULEM's services include training, mentorship and workshops to entrepreneurs, Minority Business Enterprises and small businesses.

**YOUTH SERVICES**

ULEM offers two to four week scholarships to Camp Atwater located in North Brookfield, Massachusetts. The goal is to assist in the academic and social aspect of the youths' growth and development by offering a quality residential camp experience within a safe and nurturing environment away from distractions.





Urban League of  
Eastern Massachusetts

Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*BASIS OF ACCOUNTING*

ULEM prepares its financial statements on the accrual basis of accounting. Accordingly, revenue is recorded when earned and expenses when goods are received or services rendered.

*NET ASSETS*

ULEM's net assets are classified into three categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted Net Assets* - net assets that are available for support of operations and not subject to donor-imposed stipulations. They are neither temporarily restricted nor permanently restricted.
- *Temporarily Restricted Net Assets* - assets whose use is limited by either donor-imposed time restrictions or purpose restrictions.
- *Permanently Restricted Net Assets* – assets that must be maintained in perpetuity.

*PROMISES TO GIVE*

Contributions are recognized when the donor makes a promise to give to ULEM that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

ULEM uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

*CASH AND CASH EQUIVALENTS*

For purposes of the statement of cash flows, cash and cash equivalents include repurchase agreements and certificates of deposits with original maturities of three months or less, except restricted cash and cash held for investment.

*RESTRICTED CASH*

Separate bank accounts are maintained for grants or programs that are required by funding sources to maintain separate bank accounts.



Urban League of  
Eastern Massachusetts

Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*INCOME TAXES*

ULEM is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which ULEM had none for the years ended June 30, 2011 and 2010, would be subject to federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

ULEM evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* to be sustained by the applicable federal and state authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalties thereon, are recorded as an expense in the current year financial statements. ULEM has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2011 returns and believe they are *more-likely-than-not* to be sustained if examined by federal or state tax authorities. ULEM's 2008 through 2010 tax years remain subject to examination by federal and state tax authorities.

*DONATED SERVICES, MATERIALS AND FACILITIES*

ULEM receives donated services, materials and facilities in support of its programs and administrative functions. Donated materials and services are recorded at fair value. Donated facilities are recorded at fair rental value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fund-raising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

For the years ended June 30, 2011 and 2010, non-cash contributions received in support of programmatic and administrative functions consisted of the following:

<i>Non-Cash Contributions</i>	<i>2011</i>	<i>2010</i>
Recorded in financial statements		
Professional services:		
Training	\$ 9,498	\$ -
Advertising	81,180	-
Technology equipment	<u>45,989</u>	<u>-</u>
Subtotal	136,667	-
Not recorded in the financial statements		
Non-professional services	<u>220,118</u>	<u>236,371</u>
Total non-cash contributions	<u>\$ 356,785</u>	<u>\$ 236,371</u>



Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*ADVERTISING*

Advertising costs are charged to operations when incurred. During 2011, ULEM received \$81,180 in donated advertising services. During 2010, the advertising expense was \$185.

*ACCOUNTS RECEIVABLE*

Accounts receivable are presented net of the allowance for doubtful accounts. ULEM's periodic evaluation of the adequacy of the allowance is based on its past loss experience. Accounts receivable are charged off when they are over 90 days past due. At June 30, 2011 and 2010, all accounts were deemed collectible.

*PROPERTY AND EQUIPMENT*

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

Purchased property and equipment are carried at cost. Property and equipment are depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are charged to operations. Betterments, renewals, and purchases of more than \$5,000 are capitalized.

*REFUNDABLE ADVANCES AND DEFERRED REVENUE*

Advance receipts of conditional grants and advanced contract payments are recorded as liabilities until the conditions on which they depend are satisfied and services are performed and fees earned.

*FUNCTIONAL ALLOCATION OF EXPENSES*

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



Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

*ESTIMATES*

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

*PRIOR-YEAR SUMMARIZED COMPARATIVE INFORMATION*

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with ULEM's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

**3. RESTRICTED CASH**

The National Urban League, Inc. requires that ULEM hold the cash for its MATURE Worker program in a separate account. At June 30, 2011, there was no restricted cash. At June 30, 2010, the Mature Worker program had \$6,046 of available cash on hand, which was returned to the National Urban League in 2011.

**4. LINES OF CREDIT**

During 2011, ULEM had a line of credit from Boston Private Bank and Trust Company in the amount of \$200,000 with a maturity date of October 2011. The line of credit is secured by all tangible and intangible business assets. During 2010, ULEM had two revolving lines of credit in the amounts of \$200,000 and \$100,000, respectively, from Boston Private Bank and Trust Company and Sovereign Bank with variable interest rates of 1% over the banks' base rate. During 2011, the line with Sovereign Bank was converted to a \$100,000, five-year term loan at 7.74%.

At June 30, 2011 and 2010, the total outstanding balance on the lines was \$174,198 and \$155,555, respectively. Interest expense totaled \$7,247 and \$10,494, respectively, for the years ended June 30, 2011 and 2010.



**Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**5. NET ASSETS**

Temporarily and permanently restricted net assets at June 30, 2011 and 2010 were restricted for the following:

<i>TEMPORARILY RESTRICTED NET ASSETS:</i>	<i>2011</i>	<i>2010</i>
Empowerment/ Small Business Enterprise	\$ -	\$ 27,753
Mature Worker Program	17,500	-
Youth Services	76,173	100,017
Employment Resource Center	71,320	85,320
Capital improvements	30,851	30,851
National Urban League Conference	557,162	190,398
Internet service	<u>173,587</u>	<u>189,337</u>
Total	<u>\$ 926,593</u>	<u>\$ 623,676</u>

*PERMANENTLY RESTRICTED NET ASSETS:*

Cash contributions to be held in perpetuity,  
the income from which is expendable for:

Mortgage payments	\$ 465,000	\$ 465,000
Scholarships	<u>8,303</u>	<u>8,303</u>
Total	<u>\$ 473,303</u>	<u>\$ 473,303</u>

**6. RELATED PARTY TRANSACTIONS**

ULEM operates its MWP under a grant from the National Urban League, Inc. For the years ended June 30, 2011 and 2010, ULEM was awarded grant funds totaling \$1,895,974 and \$1,823,469, respectively. ULEM was owed \$10,508 at June 30, 2011 for unreimbursed services performed under the grant. At June 30, 2010 ULEM held unspent grant funds of \$6,040 under its MWP grant that was funded with money from the American Recovery and Reinvestment Act of 2010. These funds were returned to National Urban League, Inc. during 2011.



**Urban League of  
Eastern Massachusetts**

Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**7. ENDOWMENT FUNDS**

ULEM has two permanently restricted endowments, and one board designated contingency reserve that serves as a quasi-endowment. The original donor contributions of the permanent endowments are to be held in perpetuity and cannot be used without approval from the donors. The investment objectives of the endowment funds are to preserve capital and provide a competitive rate of return. To achieve the investment objectives, the endowment funds are invested in certificates of deposit. The interest earned on the permanently restricted endowments is to be used for mortgage payments and scholarships. Interest earned on the board designated contingency reserve is to be used only with authorization from the board of directors.

The composition of and changes in endowment net assets for the years ended June 30, 2011 and 2010 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>2011</b>				
Endowment net assets, beginning of year	\$ 148,674	\$ -	\$ 473,303	\$ 621,977
Interest income	76	6,590	-	6,666
Appropriated amounts	<u>-</u>	<u>(6,590)</u>	<u>-</u>	<u>(6,590)</u>
Endowment net assets, end of year	<u>\$ 148,750</u>	<u>\$ -</u>	<u>\$ 473,303</u>	<u>\$ 622,053</u>
<b>2010</b>				
Endowment net assets, beginning of year	\$ 148,561	\$ -	\$ 473,303	\$ 621,864
Interest income	113	8,390	-	8,503
Appropriated amounts	<u>-</u>	<u>(8,390)</u>	<u>-</u>	<u>(8,390)</u>
Endowment net assets, end of year	<u>\$ 148,674</u>	<u>\$ -</u>	<u>\$ 473,303</u>	<u>\$ 621,977</u>

**8. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2011 and 2010 consisted of the following:

Description	2011	2010
Land	\$ 5,697	\$ 5,697
Building and improvements	1,703,022	1,703,022
Equipment	338,575	263,089
Furniture and fixtures	34,793	34,793
Asset development in progress	-	7,749
Less: accumulated depreciation	<u>(1,152,547)</u>	<u>(1,047,244)</u>
Net property and equipment	<u>\$ 929,540</u>	<u>\$ 967,106</u>



Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**8. PROPERTY AND EQUIPMENT - CONTINUED**

Depreciation expense for the years ended June 30, 2011 and 2010 was \$105,303 and \$86,051, respectively.

**9. CAPITAL LEASE OBLIGATIONS**

During 2011 and 2010, ULEM leased office equipment under three and two capital leases, respectively. Two capital leases expired in 2011. The assets and liability under the capital leases are recorded at the present value of the minimum lease payments. The assets are amortized over their estimated useful life. The amount of the assets recorded under the capital leases at June 30, 2011 and 2010 was \$21,748 and \$56,754, respectively. The amount of accumulated depreciation at June 30, 2011 and 2010 was \$55,102 and \$47,013, respectively. Amortization of the assets recorded under the capital leases totaled \$8,090 and \$11,351 for the years ended June 30, 2011 and 2010, respectively, and are included in depreciation expense.

Minimum lease payments for each of the next five years are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2012	\$ 5,472
2013	5,472
2014	5,472
2015	5,472
2016	<u>5,472</u>
Total	27,360
Less: interest	<u>(5,612)</u>
Present value of minimum lease payments	<u>\$ 21,748</u>

Interest expense of \$1,329 and \$1,135, respectively, was incurred for the years ended June 30, 2011 and 2010.

**10. MORTGAGE PAYABLE**

Mortgage payable consists of a 7.25%, 25 year mortgage note due April 2020, secured by the property at 88 Warren Street, Roxbury, Massachusetts with a book value of \$697,421.

Payments of principal and interest are due in monthly installments of \$3,998. At June 30, 2011 and 2010, the outstanding principal was \$322,823 and \$346,457, respectively.



Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**10. MORTGAGE PAYABLE- CONTINUED**

Principal payments on the mortgage for each of the next five years and thereafter are as follows:

<i>Year Ending</i> <i>June 30,</i>	<i>Amount</i>
2012	\$ 25,407
2013	27,311
2014	29,358
2015	31,559
2016	33,924
Thereafter	<u>175,264</u>
Total	<u>\$ 322,823</u>

Interest expense of \$24,343 and \$25,991, respectively, was incurred for the years ended June 30, 2011 and 2010.

**11. LOANS PAYABLE**

During 2010 ULEM secured a three-year noninterest bearing loan payable to Comcast. To reflect the time value of money, the liability recorded in the financial statements reflects future payments discounted at an imputed rate of 15%. The present value of the loan payments totaled \$13,388 and \$15,001 at June 30, 2011 and 2010, respectively. Loan payments began in March 2011 and are payable in monthly installments of \$541.

During February 2010 the Boston Private Bank and Trust Company line of credit was restructured to reduce the limit on the line from \$300,000 to \$200,000 and to convert the \$100,000 owed at June 30, 2009 to a five-year term loan at 6.62%. The loan matures on October 31, 2014. Principal payments of \$1,667 plus interest are due monthly. The outstanding balance was \$70,000 and \$90,000 at June 30, 2011 and 2010, respectively.

During 2011, the Sovereign Bank line of credit was converted to a \$100,000, five-year term loan at 7.74%. The loan matures on March 31, 2016. Payments of principal and interest are due in monthly installments of \$2,021. The outstanding balance was \$95,888 at June 30, 2011.





**Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2011 with Comparative Totals for 2010

**11. LOANS PAYABLE - CONTINUED**

Future loan payments are as follows:

Future note payments are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2012	\$ 50,744
2013	50,744
2014	47,498
2015	34,252
2016	<u>18,189</u>
Face amount of loan	201,427
Unamortized discount	<u>(22,151)</u>
Present value of loan payments	<u>\$ 179,276</u>

Interest expense of \$6,283 and \$2,643 was incurred on these loans for the years ended June 30, 2011 and 2010, respectively.

**12. PROMISES TO GIVE**

At June 30, 2011 and 2010, the outstanding unconditional promises to give were all deemed collectible and were due as follows:

	<i>2011</i>	<i>2010</i>
Promises due in one year	\$ 316,903	\$ 187,300
Promises due in two to five years	<u>144,050</u>	<u>160,800</u>
Total unconditional contributions receivable	460,953	348,100
Less discount to net present value	<u>(10,366)</u>	<u>(11,663)</u>
Net promises to give	<u>\$ 450,587</u>	<u>\$ 336,437</u>

**13. CONTINGENCIES**

*GOVERNMENT CONTRACTS*

The expenses reflected in the accompanying financial statements relating to government contracts are subject to audit by the funding sources. The possible disallowance of any items recorded as contract costs cannot be determined at this time. However, management does not believe that any such disallowance would be material to ULEM's financial statements. Accordingly, no provision for any liability that may result has been made in financial statements.



**13. CONTINGENCIES – CONTINUED**

*THE NATIONAL URBAN LEAGUE*

ULEM has an unresolved dispute with The National Urban League for an unpaid liability of \$50,000 related to The National Urban League's 2011 Annual Conference. Management expects that the matter will be resolved in its favor during 2012 and nothing will be owed. As a result, no liability has been recorded in the accompanying financial statements.

*BREACH OF CONTRACT CLAIMS*

ULEM is involved in a breach of contract claim, in which the claimant is seeking approximately \$82,000. ULEM denies the allegations and intends to vigorously defend itself. The parties are currently attempting to resolve this matter pre-litigation. In the opinion of management, the ultimate liability, if any, resulting from this claim, will not materially affect its financial position.

ULEM filed a breach of contract lawsuit against its former bookkeeping consultant for \$100,000. The bookkeeping consultant countered with its own breach of contract suit for not less than \$75,000. During 2011, ULEM defeated the bookkeeping consultant's Motion for Partial Summary Judgment. Absent a settlement, a pre-trial conference before court will be held in 2012. Any recovery or payments due, if any, from this lawsuit will be recorded upon settlement.

**14. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

*CREDIT RISK*

ULEM maintains checking and savings accounts at several financial institutions. At June 30, 2011 and 2010, amounts on deposit in excess of the Federal Deposit Insurance Corporation insurance coverage limit totaled \$491,390 and \$215,000, respectively. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

*REVENUE AND OTHER SUPPORT*

During 2011 and 2010, ULEM received 49% and 57%, respectively, of its total revenue and support from one grantor. In addition, its annual fundraising gala provided 12% and 16% respectively, of its total revenue and support for 2011 and 2010. At June 30, 2011 and 2010 the outstanding promises to give from two donors represented 87% and 53%, respectively, of the outstanding promises to give.

**15. SUBSEQUENT EVENTS**

ULEM has evaluated subsequent events through January 26, 2012, which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**



Urban League of  
Eastern Massachusetts

Supplemental Statement of Program Expenses  
For the Year Ended June 30, 2011 with Summarized Comparative Totals for 2010

DESCRIPTION	PROGRAMS				2011 TOTAL	2010 TOTAL
	WORKFORCE DEVELOPMENT	SMALL BUSINESS ENTERPRISE	MATURE WORKER	YOUTH SERVICES		
Personnel	\$ 279,556	\$ 21,164	\$ 230,292	\$ 4,558	\$ 535,570	\$ 509,784
Participant wages and stipends	11,831	-	1,387,846	7,480	1,407,156	1,593,591
Consumable materials and supplies	7,472	64	17,175	7,417	32,129	44,243
Travel and transportation	225	285	868	-	1,378	1,753
Training, conferences, and meetings	307	339	3,031	-	3,677	1,267
Membership dues	3,333	1,667	1,692	-	6,692	6,668
Miscellaneous	173	3	404	-	581	-
Insurance	7,213	364	11,899	-	19,477	10,518
Direct assistance to clients	-	-	-	75,343	75,343	59,069
Facilities	47,984	2,720	74,671	468	125,843	76,223
Computer and equipment	2,976	63	4,715	4	7,758	6,343
Printing and reproduction	1,540	44	3,314	-	4,897	3,307
Communications	11,116	280	19,200	273	30,869	21,416
Administrative costs	5,439	439	21,067	62	27,008	27,271
Total expenses before administrative allocation	379,165	27,432	1,776,174	95,605	2,278,376	2,361,453
Administrative allocation	187,021	21,667	211,659	4,041	424,387	328,365
Total expenses	<u>\$ 566,186</u>	<u>\$ 49,100</u>	<u>\$ 1,987,832</u>	<u>\$ 99,646</u>	<u>\$ 2,702,764</u>	<u>\$ 2,689,818</u>