



Urban League of  
**Eastern Massachusetts**

Financial Statements and Auditors' Report

June 30, 2014

with Comparative Totals for 2013



Urban League of  
Eastern Massachusetts

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## **Randall S. Davis & Company LLP**

*Certified Public Accountants*

Creating Value from Numbers

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### *Independent Auditors' Report*

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

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Urban League of Eastern Massachusetts, Inc. (ULEM) (a Massachusetts nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Urban League of Eastern Massachusetts, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statement of program expenses 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.

*2013 Financial Statements*

The financial statements of Urban League of Eastern Massachusetts, Inc. as of and for the year ended June 30, 2013 were audited by other auditors who report thereon, dated December 12, 2013, expressed an unqualified opinion.

A handwritten signature in black ink that reads "Randall T. Jarvis & Company LLP". The signature is written in a cursive, flowing style.

*December 11, 2014*



Urban League of  
Eastern Massachusetts

Statement of Financial Position  
June 30, 2014 with Comparative Totals for 2013

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 177,929	\$ 166,982
Accounts receivable	19,768	65,972
Unconditional promises to give	198,661	240,904
Due from National Urban League	83,632	98,303
Employee receivable	2,930	2,035
Prepaid expense	6,085	16,493
Total current assets	<u>489,005</u>	<u>590,689</u>
<b>NON-CURRENT ASSETS:</b>		
Cash restricted for permanently restricted endowment	473,303	473,303
Cash restricted for purchase of property and equipment	-	37,351
Unconditional promises to give	23,136	89,780
Total non-current assets	<u>496,439</u>	<u>600,434</u>
<b>PROPERTY AND EQUIPMENT - net</b>	<u>894,219</u>	<u>946,499</u>
Total assets	<u>\$ 1,879,663</u>	<u>\$ 2,137,622</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 140,901	\$ 151,690
Refundable advances	39,780	39,780
Accrued expenses	96,269	89,215
Due to National Urban League	6,250	-
Capital lease obligation - current portion	4,736	4,991
Loans payable - current portion	56,161	58,447
Mortgage payable - current portion	31,559	29,358
Total current liabilities	<u>375,656</u>	<u>373,481</u>
<b>LONG-TERM LIABILITIES:</b>		
Capital lease obligation	5,202	9,939
Loan payable	177,255	233,486
Mortgage payable	209,188	240,747
Total long-term debt	<u>391,645</u>	<u>484,172</u>
Total liabilities	<u>767,301</u>	<u>857,653</u>
<b>NET ASSETS:</b>		
Unrestricted		
Board designated contingency reserve	148,995	148,814
Undesignated	297,622	289,348
Total unrestricted net assets	<u>446,617</u>	<u>438,162</u>
Temporarily restricted	192,442	368,504
Permanently restricted	473,303	473,303
Total net assets	<u>1,112,362</u>	<u>1,279,969</u>
Total liabilities and net assets	<u>\$ 1,879,663</u>	<u>\$ 2,137,622</u>

See accompanying notes to financial statements.



Urban League of  
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Statement of Activities  
For the Year Ended June 30, 2014 with Summarized Comparative Totals for 2013

	<b>UNRESTRICTED</b>	<b>TEMPORARILY RESTRICTED</b>	<b>PERMANENTLY RESTRICTED</b>	<b>2014 TOTAL</b>	<b>2013 TOTAL</b>
<b>REVENUE, GAIN AND SUPPORT:</b>					
United Way	\$ 47,239	\$ -	\$ -	\$ 47,239	\$ 47,239
Grants and contributions	1,504,982	411,540	-	1,916,522	1,917,032
Contract income	125,740	-	-	125,740	403,240
Membership dues	5,326	-	-	5,326	9,871
Special events	335,428	-	-	335,428	464,659
Less: costs of direct benefits to donors	(60,923)	-	-	(60,923)	(48,863)
Less: other direct event costs	(53,944)	-	-	(53,944)	(51,660)
Net revenue from special events	<u>220,561</u>	<u>-</u>	<u>-</u>	<u>220,561</u>	<u>364,136</u>
Fees and other income	13,094	-	-	13,094	25,012
Interest income	1,672	-	-	1,672	1,848
Litigation gain	-	-	-	-	30,000
Net assets released from restrictions	<u>587,602</u>	<u>(587,602)</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenue, gain and support	<u>2,506,216</u>	<u>(176,062)</u>	<u>-</u>	<u>2,330,154</u>	<u>2,798,378</u>
<b>EXPENSES</b>					
Functional expenses:					
Program services	1,791,417	-	-	1,791,417	1,886,127
Management and general	319,827	-	-	319,827	359,589
Fundraising	<u>207,383</u>	<u>-</u>	<u>-</u>	<u>207,383</u>	<u>194,150</u>
 Total functional expenses	<u>2,318,627</u>	<u>-</u>	<u>-</u>	<u>2,318,627</u>	<u>2,439,866</u>
 Unallocable in-kind legal expense	<u>179,134</u>	<u>-</u>	<u>-</u>	<u>179,134</u>	<u>-</u>
 Total expenses	<u>2,497,761</u>	<u>-</u>	<u>-</u>	<u>2,497,761</u>	<u>2,439,866</u>
 Change in net assets	8,455	(176,062)	-	(167,607)	358,512
Net assets, beginning of year	<u>438,162</u>	<u>368,504</u>	<u>473,303</u>	<u>1,279,969</u>	<u>921,457</u>
<b>Net assets, end of year</b>	<u>\$ 446,617</u>	<u>\$ 192,442</u>	<u>\$ 473,303</u>	<u>\$ 1,112,362</u>	<u>\$ 1,279,969</u>

See accompanying notes to financial statements.



Urban League of  
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Statement of Functional Expenses  
For the Year Ended June 30, 2014 with Summarized Comparative Totals for 2013

<b>DESCRIPTION</b>	<b>MANAGEMENT AND</b>			<b>2014 TOTAL</b>	<b>2013 TOTAL</b>
	<b>PROGRAMS</b>	<b>GENERAL</b>	<b>FUND- RAISING</b>		
Personnel	\$ 545,509	\$ 214,403	\$ 164,740	\$ 924,652	\$ 923,117
Participant wages and stipends	917,644	-	-	917,644	987,082
Consumable materials and supplies	40,417	713	1,009	42,139	23,303
Travel and transportation	2,573	3,571	908	7,052	28,053
Training, conferences, and meetings	4,307	5,775	904	10,986	8,983
Membership dues	7,721	4,788	2,813	15,322	12,680
Miscellaneous	8,479	5,781	2,190	16,450	14,017
Insurance	42,738	10,995	3,293	57,026	40,465
Direct assistance to clients	12,199	-	-	12,199	58,540
Facilities	137,338	19,594	19,207	176,139	173,132
Computer and equipment	2,520	2,606	176	5,302	13,237
Printing and reproduction	3,129	669	730	4,528	4,826
Communications	42,121	10,909	8,813	61,843	65,534
Administrative costs	<u>24,722</u>	<u>40,023</u>	<u>2,600</u>	<u>67,345</u>	<u>86,897</u>
Total expenses before administrative allocation	1,791,417	319,827	207,383	2,318,627	2,439,866
Administrative allocation	<u>266,044</u>	<u>(319,827)</u>	<u>53,783</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 2,057,461</u>	<u>\$ -</u>	<u>\$ 261,166</u>	<u>\$ 2,318,627</u>	<u>\$ 2,439,866</u>

See accompanying notes to financial statements.



Urban League of  
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Statement of Cash Flows  
For the Year Ended June 30, 2014 with Comparative Totals for 2013

	<b>2014</b>	<b>2013</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (167,607)	\$ 358,512
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	109,072	117,121
Bad debt	-	5,128
Donated fixed assets	(56,792)	-
Collections of contributions restricted to purchase of property and equipment	-	(152,500)
(Increase)/decrease in operating assets:		
Cash restricted for Mature Workers program	-	12,812
Accounts receivable/ promises to give	155,091	(97,158)
Employee receivable	(895)	6,840
Due from National Urban League	14,671	(98,303)
Prepaid expenses	10,408	(6,374)
Increase/(decrease) in operating liabilities:		
Accounts payable	(10,789)	(133,036)
Accrued expenses	7,054	17,179
Refundable advances	-	(52,500)
Due to National Urban League	<u>6,250</u>	<u>(12,812)</u>
Net cash provided by (used in) operating activities	<u>66,463</u>	<u>(35,091)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Increase in assets restricted to investment in property and equipment	37,351	75,500
Property and equipment purchases	<u>-</u>	<u>(170,290)</u>
Net cash provided by (used in) investing activities	<u>37,351</u>	<u>(94,790)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Collections of contributions restricted to purchase of property and equipment	-	152,500
Principal payments on capital lease obligation	(4,992)	(3,245)
Principal payments on loan payable	(58,517)	(45,493)
Principal payments on mortgage	<u>(29,358)</u>	<u>(27,311)</u>
Net cash (used in) provided by financing activities	<u>(92,867)</u>	<u>76,451</u>
Net increase (decrease) in cash and cash equivalents	<u>10,947</u>	<u>(53,430)</u>
Cash and cash equivalents, beginning of year	<u>166,982</u>	<u>220,412</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 177,929</u></u>	<u><u>\$ 166,982</u></u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 33,766</u>	<u>\$ 41,719</u>
Noncash investing/ financing activity:		
Donated fixed assets	<u><u>\$ 56,792</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.





Urban League of  
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Notes to Financial Statements  
June 30, 2014 with Comparative Totals for 2013

**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. (NUL) and is a member of the United Way of Massachusetts Bay.

ULEM operates the following major programs:

**WORKFORCE DEVELOPMENT (WFD) PROGRAMS:**

Currently ULEM has five WFD programs which cover a variety of job skills and expertise, age range, and both non-profit organizations and corporate partnerships. Below is an overview of the programs offered in fiscal year 2014.

***Fund Accountant Preparatory Program (FAPP):*** The financial services industry offers exciting and rewarding options for companies and employees who can keep up with its fast pace. However, the rate of attrition for entry level staff in the industry can be quite costly. Modeled on the partnership developed with State Street Corporation, ULEM designed an extensive screening, selection, and training program that not only targets individuals who would thrive in this environment, but who are committed to the work. 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 paid internship at State Street Corporation. Upon completion of the program, State Street offers full-time positions to participants based on job availability and candidates' performance.

***Volunteer 2 Work (V2W):***

As job markets change, so must our placement efforts and client marketability strategies. The V2W program was born from the concept of "On-the-Job Training (OJT)" and is designed to teach the value of work through volunteer service to chronically unemployed and newly unemployed individuals who need a bridge to re-enter the job market. V2W consists of four weeks of job readiness training provided by ULEM, followed by eight weeks of on the job training at one of our local Community Based Organizations (CBO's). V2W gives CBO's a screened pool of volunteers who provide valuable hours of service, and allows us to offer a more effective program to their constituents.



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Notes to Financial Statements  
June 30, 2014 with Comparative Totals for 2013

1. **ORGANIZATION AND ACTIVITIES - CONTINUED**

WORKFORCE DEVELOPMENT (WFD) PROGRAMS: - *CONTINUED*

**Mature Worker 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 that combines soft and hard skills training, collaborations with employers, community service and intentional job placement with career coaching and retention support that give participants a positive work track record to obtain a self-sufficiency wage employment with opportunity for career advancement. MWP accomplishes this by partnering with over 50 community-based organizations that serve as host training sites and with a variety of other community education and advocacy organizations.

**Computer Literacy and Internet Knowledge (CLIK):** The digital divide has greatly impacted this nation's economy. The CLIK program gives clients the foundation and motivation they need to hit the ground running. Clients learn the nuts and bolts of computers, software, and hardware becoming digitally competent in the process. The program is offered four times throughout the year.

**Dollars & Sense Financial Literacy Training:** This program helps participants reach the following objectives: better understand their financial options, how credit affects their lives in terms of major purchases and employment options, how to use financial resources more effectively, build confidence in making financial choices, shift from reactive to proactive decision making regarding finances, and gain wisdom on how to assess financial products and services. Dollars and cents is currently incorporated into all WFD placement programs and is also offered at selected sites in the community.

WORKFORCE DEVELOPMENT (WFD) CLIENT SERVICES:

**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. Our efforts help clients develop concrete support and employment plans extending far beyond the time they spend training with us. With our support, clients are able to take clearly defined steps towards moving out of poverty through employment. ULEM provides post-job placement support for up to 24 months.



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Notes to Financial Statements  
June 30, 2014 with Comparative Totals for 2013

1. **ORGANIZATION AND ACTIVITIES - CONTINUED**

WORKFORCE DEVELOPMENT (WFD): - *CONTINUED*

**Employment Resource Center (ERC):** 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. The Employment Resource Center (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.

**Job Placement Assistance:** All clients who participate in any of our professional skills training programs are eligible to receive placement assistance. Clients work with dedicated and professional staff to customize, focus and streamline their job search efforts. Through this client/staff partnership we are able to build strong and lasting relationships based on mutual trust and respect.

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 not subject to donor imposed stipulations.
- **Temporarily Restricted Net Assets** - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of the ULEM and/or the passage of time.
- **Permanently Restricted Net Assets** - Net assets subject to donor imposed stipulations that ULEM permanently maintain certain contributed assets. Generally, donors of such assets permit ULEM to use all or part of the income earned from permanently restricted net assets for general operations or for specific purposes. Permanent restrictions do not pass with the expiration of time, nor can they be removed through the ULEM's actions.

Net assets accumulated that are not subject to donor imposed restrictions, but which the Board of Directors of has earmarked for specific uses, are segregated in the accounting records as "board-designated" funds within the unrestricted category of net assets.



Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*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.

*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, 2014 and 2013, 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 2014 returns and believe they are *more-likely-than-not* to be sustained if examined by federal or state tax authorities. ULEM's 2011 through 2013 tax years remain subject to examination by federal and state tax authorities.

*ADVERTISING*

Advertising costs are charged to operations when incurred. Advertising costs totaled \$4,691 and \$2,448, respectively, for the years ended June 30, 2014 and 2013.

*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, 2014 and 2013, all outstanding accounts were deemed collectible.



Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

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

*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, 2014 and 2013, non-cash contributions received in support of programmatic and administrative functions consisted of the following:

<i>Non-Cash Contributions</i>	<i>2014</i>	<i>2013</i>
Recorded in financial statements		
Legal services	\$ 179,134	\$ -
Technology equipment	<u>56,792</u>	<u>-</u>
Subtotal	235,926	-
Not recorded in the financial statements		
Non-professional services	<u>140,015</u>	<u>147,900</u>
Total non-cash contributions	<u>\$ 375,941</u>	<u>\$ 147,900</u>

*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.



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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

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

*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 costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that cannot be reasonably allocated to functions are reported as unallocated expenses. During 2014 the ULEM received donated legal services totaling \$179,134, which management could not reasonably allocate to a programmatic or supporting function.

*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, 2013, from which the summarized information was derived.

*RECLASSIFICATION*

Certain 2013 amounts have been reclassified to conform to the 2014 financial statement presentation.

**3. RELATED PARTY TRANSACTIONS**

ULEM operates its MWP under a grant from the NUL. For the years ended June 30, 2014 and 2013, ULEM was awarded grant funds totaling \$1,116,966 and \$1,191,902, respectively. \$83,632 and \$98,303 was owed from NUL at June 30, 2014 and 2013, respectively.



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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

**4. NET ASSETS**

Temporarily and permanently restricted net assets at June 30, 2014 and 2013 were restricted for the following:

<i>TEMPORARILY RESTRICTED NET ASSETS:</i>	<i>2014</i>	<i>2013</i>
Travel costs	\$ 11,083	\$ 800
Mature Worker Program	-	36,475
Information Technology	5,914	-
Employment Resource Center	55,000	103,524
Computer Literacy Training	27,907	83,867
Capital improvements	32,351	37,351
Time	-	8,500
Internet service	<u>60,187</u>	<u>97,987</u>
Total	<u>\$ 192,442</u>	<u>\$ 368,504</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>

**5. PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2014 and 2013 consisted of the following:

Description	<i>2014</i>	<i>2013</i>
Land	\$ 5,697	\$ 5,697
Building and improvements	1,922,813	1,922,813
Equipment	319,912	300,535
Furniture and fixtures	75,532	38,117
Less: accumulated depreciation	<u>(1,429,735)</u>	<u>(1,320,663)</u>
Net property and equipment	<u>\$ 894,219</u>	<u>\$ 946,499</u>

Depreciation expense for the years ended June 30, 2014 and 2013 was \$109,072 and \$117,121, respectively.



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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

**6. 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, 2014 and 2013 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>2014</b>				
Endowment net assets, beginning of year	\$ 148,814	\$ -	\$ 473,303	\$ 622,117
Interest income	181	1,491	-	1,672
Appropriated amounts	<u>-</u>	<u>(1,491)</u>	<u>-</u>	<u>(1,491)</u>
Endowment net assets, end of year	<u>\$ 148,995</u>	<u>\$ -</u>	<u>\$ 473,303</u>	<u>\$ 622,298</u>
<b>2013</b>				
Endowment net assets, beginning of year	\$ 148,759	\$ -	\$ 473,303	\$ 622,062
Interest income	55	1,695	-	1,750
Appropriated amounts	<u>-</u>	<u>(1,695)</u>	<u>-</u>	<u>(1,695)</u>
Endowment net assets, end of year	<u>\$ 148,814</u>	<u>\$ -</u>	<u>\$ 473,303</u>	<u>\$ 622,117</u>

**7. CAPITAL LEASE OBLIGATIONS**

During 2014 and 2013, ULEM leased office equipment under capital leases, respectively. 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, 2014 and 2013 was \$21,748. Amortization of the assets recorded under the capital leases totaled \$4,350 for the years ended June 30, 2014 and 2013 and are included in depreciation expense.





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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

**7. CAPITAL LEASE OBLIGATIONS - CONTINUED**

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

<i>Year Ending June 30,</i>	<i>Amount</i>
2015	5,472
2016	<u>5,472</u>
Total	10,944
Less: interest	<u>(1,006)</u>
Present value of minimum lease payments	<u>\$ 9,938</u>

Interest expense of \$1,161 and \$1,548, respectively, was incurred for the years ended June 30, 2014 and 2013.

**8. 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, 2014 and 2013, the outstanding principal was \$240,747 and \$270,105, respectively.

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

<i>Year Ending June 30,</i>	<i>Amount</i>
2015	\$ 31,559
2016	33,924
2017	36,467
2018	39,201
2019	42,139
Thereafter	<u>57,456</u>
Total	<u>\$ 240,747</u>

Interest expense of \$18,620 and \$20,667, respectively, was incurred for the years ended June 30, 2014 and 2013.



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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

**9. 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 \$4,058 at June 30, 2013. The loan was paid in full during the year ending June 30, 2014.

ULEM has a seven-year term loan payable to Boston Private Bank and Trust Company. The loan matures on February 20, 2020. Principal payments of \$2,837 plus interest are due monthly. The interest rate on the loan is subject to change based on changes in the Boston Private Bank & Trust Company Base Rate. The base rate was 3.25% per annum at June 30, 2014. Under no circumstances will the interest rate be less than 4.75% per annum. The outstanding balance was \$193,880 and \$229,821 at June 30, 2014 and 2013, respectively.

ULEM has a five-year 7.74% term loan payable to Sovereign Bank. The loan matures on March 31, 2016. Payments of principal and interest are due in monthly installments of \$2,021. The outstanding balance was \$39,226 and \$58,053 at June 30, 2014 and 2013, respectively.

Future loan payments are as follows:

<i>Year Ending June 30,</i>	<i>Amount</i>
2015	66,770
2016	57,067
2017	39,281
2018	37,664
2019	36,047
2020	<u>23,144</u>
Face amount of loan	259,973
Unamortized discount	<u>(26,557)</u>
Present value of loan payments	<u>\$ 233,416</u>

Interest expense of \$13,985 and \$12,837 was incurred on these loans for the years ended June 30, 2014 and 2013, respectively.



**Urban League of  
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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

**10. PROMISES TO GIVE**

UNCONDITIONAL

At June 30, 2014 and 2013, the outstanding unconditional promises to give were all deemed collectible and were due as follows:

	<i>2014</i>	<i>2013</i>
Promises due in one year	\$ 199,817	\$ 240,904
Promises due in two to five years	<u>23,450</u>	<u>93,650</u>
Total unconditional contributions receivable	223,267	334,554
Less discount to net present value	<u>(1,470)</u>	<u>(3,870)</u>
Net promises to give	<u>\$ 221,797</u>	<u>\$ 330,684</u>

Unconditional promise to give non-cash in-kind contributions included in net promises to give totaled \$60,187 and \$97,987, respectively, at June 30, 2014 and 2013.

**11. 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.

LITIGATION

ULEM is a defendant in a legal action filed by a former consultant. While the final outcome cannot be determined at this time, management has recognized a liability of \$64,000 (which is the amount in dispute), for the remaining balance of the originally invoiced amount, in the financial statements and is of the opinion that the ultimate liability, if any, from the final resolution of this matter will not have a material effect on ULEM's financial statements. ULEM is being represented on a pro-bono basis.

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

CREDIT RISK

ULEM maintains checking and savings accounts at several financial institutions. At June 30, 2014 and 2013 amounts on deposit in excess of the Federal Deposit Insurance Corporation insurance coverage limit totaled \$360,749 and \$406,783, respectively. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.



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Notes to Financial Statements - *Continued*  
June 30, 2014 with Comparative Totals for 2013

**12. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS - CONTINUED**

*REVENUE AND OTHER SUPPORT*

During 2014 and 2013, ULEM received 45% and 42%, respectively, of its total revenue and support from one grantor. In addition, its annual fundraising gala provided 10% and 18% respectively, of its total revenue and support for 2014 and 2013. At June 30, 2014 and 2013 the outstanding promises to give from two donors represented 57% and 69%, respectively, of the outstanding promises to give and accounts receivable.

**13. SUBSEQUENT EVENTS**

ULEM has evaluated subsequent events through December 11, 2014, which is the date the financial statements were available to be issued. Subsequent to June 30, 2014, ULEM was notified that its state earmark of \$400,000 would be reduced to \$300,000 due to budget cuts.

## **SUPPLEMENTAL INFORMATION**



Urban League of  
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Supplemental Statement of Program Expenses  
For the Year Ended June 30, 2014 with Summarized Comparative Totals for 2013

<i>DESCRIPTION</i>	<i>WORKFORCE DEVELOPMENT</i>	<i>MATURE WORKER</i>	<i>YOUTH SERVICES</i>	<i>2014 TOTAL</i>	<i>2013 TOTAL</i>
Personnel	\$ 311,714	\$ 233,295	\$ 500	\$ 545,509	\$ 532,796
Participant wages and stipends	34,583	883,061	-	917,644	987,082
Consumable materials and supplies	32,801	5,060	2,556	40,417	21,265
Travel and transportation	482	1,853	238	2,573	14,450
Training, conferences, and meetings	456	955	2,896	4,307	3,362
Membership dues	4,133	3,238	350	7,721	6,850
Miscellaneous	7,128	84	1,267	8,479	4,079
Insurance	15,479	27,259	-	42,738	30,721
Direct assistance to clients	815	11,384	-	12,199	58,540
Facilities	94,554	42,784	-	137,338	141,120
Computer and equipment	2,026	494	-	2,520	7,292
Printing and reproduction	1,326	1,437	366	3,129	3,775
Communications	19,282	22,839	-	42,121	46,215
Administrative costs	<u>12,150</u>	<u>12,572</u>	<u>-</u>	<u>24,722</u>	<u>28,580</u>
Total expenses before administrative allocation	536,929	1,246,315	8,173	1,791,417	1,886,127
Administrative allocation	<u>151,964</u>	<u>114,080</u>	<u>-</u>	<u>266,044</u>	<u>299,119</u>
Total expenses	<u>\$ 688,893</u>	<u>\$ 1,360,395</u>	<u>\$ 8,173</u>	<u>\$ 2,057,461</u>	<u>\$ 2,185,246</u>