

The Urban League of Metropolitan St. Louis, Inc.

Financial Statements as of and for the Years Ended
December 31, 2008 and 2007 (Restated),
Additional Information and Schedule of
Expenditures of Federal Awards for the
Year Ended December 31, 2008, and
Independent Auditors' Reports

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Audit and Finance Committee
The Urban League of Metropolitan St. Louis, Inc.:

We have audited the accompanying financial statements of The Urban League of Metropolitan St. Louis, Inc. (the "League") as of December 31, 2008 and 2007 (restated), and for the years then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the League. 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the League'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 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the League, as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of the League, taken as a whole. The unrestricted additional information by fund included in the statements of financial position and statements of activities and the accompanying combining statements listed as additional information in the foregoing table of contents are presented for the purpose of additional analysis of the basic financial statements rather than to present the financial position and changes in net assets of the individual funds and are not a required part of the basic financial statements. The other accompanying financial information listed as additional information in the foregoing table of contents is also presented for the purpose of additional analysis and is not a required part of the basic financial statements of the League. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such schedule and additional information are the responsibility of the management of the League. Such schedule and additional information have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2009, on our consideration of The Urban League of Metropolitan St. Louis, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

As discussed in Note 13, the accompanying 2007 statement of cash flows has been restated.

Deloitte + Touche US

May 29, 2009

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2008 AND 2007

	2008						
	Unrestricted Additional Information			Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Operational	Contractual	Property and Equipment				
ASSETS							
Cash and cash equivalents	\$ 813,307	\$ 1,100	\$ -	\$ 814,407	\$ -	\$ -	\$ 814,407
Accounts receivable — net of allowance of \$45,393	21,515	1,025,175		1,046,690			1,046,690
Pledges receivable					1,956,422	26,000	1,982,422
Prepaid expenses	121,547			121,547			121,547
Due from (to)	231,785	(464,008)		(232,223)	206,195	26,028	-
Investments	341,156			341,156		474,330	815,486
Property and equipment — net			2,077,085	2,077,085			2,077,085
TOTAL	<u>\$ 1,529,310</u>	<u>\$ 562,267</u>	<u>\$ 2,077,085</u>	<u>\$ 4,168,662</u>	<u>\$ 2,162,617</u>	<u>\$ 526,358</u>	<u>\$ 6,857,637</u>
LIABILITIES AND NET ASSETS							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 98,209	\$ 211,426	\$ -	\$ 309,635	\$ 3,000	\$ -	\$ 312,635
Accrued payroll and related taxes	97,943	262,470		360,413			360,413
Accrued pension liability	920,849			920,849			920,849
Deferred revenue	40,726	85,085		125,811			125,811
Total liabilities	1,157,727	558,981	-	1,716,708	3,000	-	1,719,708
NET ASSETS	<u>371,583</u>	<u>3,286</u>	<u>2,077,085</u>	<u>2,451,954</u>	<u>2,159,617</u>	<u>526,358</u>	<u>5,137,929</u>
TOTAL	<u>\$ 1,529,310</u>	<u>\$ 562,267</u>	<u>\$ 2,077,085</u>	<u>\$ 4,168,662</u>	<u>\$ 2,162,617</u>	<u>\$ 526,358</u>	<u>\$ 6,857,637</u>

(Continued)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENTS OF FINANCIAL POSITION AS OF DECEMBER 31, 2008 AND 2007

	2007						
	Unrestricted Additional Information			Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Operational	Contractual	Property and Equipment				
ASSETS							
Cash and cash equivalents	\$ 204,317	\$ 1,650	\$ -	\$ 205,967	\$ -	\$ -	\$ 205,967
Accounts receivable — net of allowance of \$45,393	47,876	804,968		852,844			852,844
Pledges receivable					1,865,867		1,865,867
Prepaid expenses	136,344			136,344			136,344
Due from (to)	370,687	(495,534)		(124,847)	118,831	6,016	-
Investments	300,998			300,998		494,342	795,340
Property and equipment — net			2,309,851	2,309,851			2,309,851
TOTAL	<u>\$ 1,060,222</u>	<u>\$ 311,084</u>	<u>\$ 2,309,851</u>	<u>\$ 3,681,157</u>	<u>\$ 1,984,698</u>	<u>\$ 500,358</u>	<u>\$ 6,166,213</u>
LIABILITIES AND NET ASSETS							
LIABILITIES:							
Accounts payable and accrued expenses	\$ 38,511	\$ 66,006	\$ -	\$ 104,517	\$ 9,000	\$ -	\$ 113,517
Accrued payroll and related taxes	127,041	198,860		325,901			325,901
Accrued pension liability	123,034			123,034			123,034
Deferred revenue	72,281	44,396		116,677			116,677
Total liabilities	360,867	309,262	-	670,129	9,000	-	679,129
NET ASSETS	<u>699,355</u>	<u>1,822</u>	<u>2,309,851</u>	<u>3,011,028</u>	<u>1,975,698</u>	<u>500,358</u>	<u>5,487,084</u>
TOTAL	<u>\$ 1,060,222</u>	<u>\$ 311,084</u>	<u>\$ 2,309,851</u>	<u>\$ 3,681,157</u>	<u>\$ 1,984,698</u>	<u>\$ 500,358</u>	<u>\$ 6,166,213</u>

See notes to financial statements.

(Concluded)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008						
	Unrestricted Additional Information			Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Operational	Contractual	Property and Equipment				
SUPPORT AND REVENUE:							
Public support:							
Contributions and special purpose revenue	\$ 727,368	\$ 1,423,076	\$ -	\$ 2,150,444	\$ 581,470	\$ 26,000	\$ 2,757,914
United Way of Greater St. Louis	1,260,336	29,250		1,289,586			1,289,586
Unassociated fund raising	179,572	26,124		205,696			205,696
Special events income — net of expenses of \$192,691	136,933	11,364		148,297			148,297
Membership dues	14,847			14,847			14,847
Net assets released from restrictions	354,281	47,489		401,770	(401,770)		-
Total public support	<u>2,673,337</u>	<u>1,537,303</u>	<u>-</u>	<u>4,210,640</u>	<u>179,700</u>	<u>26,000</u>	<u>4,416,340</u>
Grants from governmental agencies	<u>283,565</u>	<u>10,589,766</u>	<u>-</u>	<u>10,873,331</u>	<u>-</u>	<u>-</u>	<u>10,873,331</u>
Other revenue:							
Investment income	16,360			16,360	4,219		20,579
Miscellaneous	23,445			23,445			23,445
Total other revenue	<u>39,805</u>	<u>-</u>	<u>-</u>	<u>39,805</u>	<u>4,219</u>	<u>-</u>	<u>44,024</u>
Total support and revenue	<u>2,996,707</u>	<u>12,127,069</u>	<u>-</u>	<u>15,123,776</u>	<u>183,919</u>	<u>26,000</u>	<u>15,333,695</u>
EXPENSES:							
Program services:							
Economic empowerment	300,514	3,265,572	7,766	3,573,852			3,573,852
Basic needs	1,310,278	468,651		1,778,929			1,778,929
Education	19,982	7,618,263	257,867	7,896,112			7,896,112
Total program services	<u>1,630,774</u>	<u>11,352,486</u>	<u>265,633</u>	<u>13,248,893</u>	<u>-</u>	<u>-</u>	<u>13,248,893</u>
Supporting services:							
Management and general	814,479		121,407	935,886			935,886
Fundraising and communications	384,550			384,550			384,550
Total expenses	<u>2,829,803</u>	<u>11,352,486</u>	<u>387,040</u>	<u>14,569,329</u>	<u>-</u>	<u>-</u>	<u>14,569,329</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	166,904	774,583	(387,040)	554,447	183,919	26,000	764,366
FAS 158 PENSION-RELATED BENEFITS (COSTS) OTHER THAN NET PERIODIC PENSION COST	<u>(443,966)</u>	<u>(669,555)</u>	<u>-</u>	<u>(1,113,521)</u>	<u>-</u>	<u>-</u>	<u>(1,113,521)</u>
CHANGE IN NET ASSETS	(277,062)	105,028	(387,040)	(559,074)	183,919	26,000	(349,155)
TRANSFERS	(50,710)	(103,564)	154,274	-			-
NET ASSETS — Beginning of year	<u>699,355</u>	<u>1,822</u>	<u>2,309,851</u>	<u>3,011,028</u>	<u>1,975,698</u>	<u>500,358</u>	<u>5,487,084</u>
NET ASSETS — End of year	<u>\$ 371,583</u>	<u>\$ 3,286</u>	<u>\$2,077,085</u>	<u>\$ 2,451,954</u>	<u>\$2,159,617</u>	<u>\$526,358</u>	<u>\$ 5,137,929</u>

(Continued)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2007						Total
	Operational	Contractual	Property and Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUE:							
Public support:							
Contributions and special purpose revenue	\$ 661,653	\$ 1,628,579	\$ -	\$ 2,290,232	\$ 405,845	\$ 28,083	\$ 2,724,160
United Way of Greater St. Louis	1,256,797			1,256,797	29,250		1,286,047
Unassociated fund raising	265,398	29,794		295,192			295,192
Special events income — net of expenses of \$174,453	170,844	7,818		178,662			178,662
Membership dues	8,487			8,487			8,487
Net assets released from restrictions	471,323	244,449		715,772	(715,772)		-
Total public support	<u>2,834,502</u>	<u>1,910,640</u>	<u>-</u>	<u>4,745,142</u>	<u>(280,677)</u>	<u>28,083</u>	<u>4,492,548</u>
Grants from governmental agencies	<u>231,516</u>	<u>9,444,231</u>	<u>-</u>	<u>9,675,747</u>	<u>-</u>	<u>-</u>	<u>9,675,747</u>
Other revenue:							
Investment income	38,603			38,603	21,621		60,224
Miscellaneous	26,516			26,516			26,516
Total other revenue	<u>65,119</u>	<u>-</u>	<u>-</u>	<u>65,119</u>	<u>21,621</u>	<u>-</u>	<u>86,740</u>
Total support and revenue	<u>3,131,137</u>	<u>11,354,871</u>	<u>-</u>	<u>14,486,008</u>	<u>(259,056)</u>	<u>28,083</u>	<u>14,255,035</u>
EXPENSES:							
Program services:							
Economic empowerment	343,864	3,532,887	12,366	3,889,117			3,889,117
Basic needs	1,331,797	444,172		1,775,969			1,775,969
Education	20,403	7,439,178	253,234	7,712,815			7,712,815
Total program services	<u>1,696,064</u>	<u>11,416,237</u>	<u>265,600</u>	<u>13,377,901</u>	<u>-</u>	<u>-</u>	<u>13,377,901</u>
Supporting services:							
Management and general	965,694		124,708	1,090,402			1,090,402
Fundraising and communications	389,012			389,012			389,012
Total expenses	<u>3,050,770</u>	<u>11,416,237</u>	<u>390,308</u>	<u>14,857,315</u>	<u>-</u>	<u>-</u>	<u>14,857,315</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	80,367	(61,366)	(390,308)	(371,307)	(259,056)	28,083	(602,280)
FAS 158 PENSION-RELATED BENEFITS (COSTS) OTHER THAN NET PERIODIC PENSION COST	<u>7,462</u>	<u>45,613</u>	<u>-</u>	<u>53,075</u>	<u>-</u>	<u>-</u>	<u>53,075</u>
CHANGE IN NET ASSETS	87,829	(15,753)	(390,308)	(318,232)	(259,056)	28,083	(549,205)
TRANSFERS	(7,417)	(7,416)	14,833	-			-
NET ASSETS — Beginning of year	<u>618,943</u>	<u>24,991</u>	<u>2,685,326</u>	<u>3,329,260</u>	<u>2,234,754</u>	<u>472,275</u>	<u>6,036,289</u>
NET ASSETS — End of year	<u>\$ 699,355</u>	<u>\$ 1,822</u>	<u>\$2,309,851</u>	<u>\$ 3,011,028</u>	<u>\$1,975,698</u>	<u>\$500,358</u>	<u>\$ 5,487,084</u>

See notes to financial statements.

(Concluded)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2008						
	Program Services				Supporting Services		
	Economic Empowerment	Basic Needs	Education	Total	Management and General	Fundraising and Communications	Total
EXPENSES:							
Salaries	\$ 1,673,336	\$ 221,414	\$ 2,963,570	\$ 4,858,320	\$ 1,036,957	\$ 280,902	\$ 6,176,179
Employee health and retirement benefits	220,914	23,320	392,616	636,850	107,105	30,201	774,156
Payroll taxes	162,526	21,264	345,245	529,035	108,392	24,830	662,257
Assistance to individuals	703,574	948,306	367,755	2,019,635			2,019,635
Occupancy	41,936	384,051	1,243,049	1,669,036	196,062	16,500	1,881,598
Supplies	57,063	30,056	164,527	251,646	41,880	735	294,261
Professional fees	62,431	2,211	649,007	713,649	183,455	6,204	903,308
Local transportation	17,060	2,325	411,908	431,293	12,197		443,490
Equipment purchases	20,167	4,613	89,438	114,218	7,141	330	121,689
Telephone	14,944	22,147	46,426	83,517	28,696	2,647	114,860
Awards and grants	1,861		10,400	12,261	22,218		34,479
Conferences and meetings	12,199	22,083	46,518	80,800	102,034	4,821	187,655
Travel	48,250	5,255	12,756	66,261	43,981	3,059	113,301
Rental and equipment maintenance	13,505	20,469	52,585	86,559	57,146	48	143,753
Printing and publications	19,039	1,208	44,874	65,121	31,850	12,088	109,059
Insurance	20,447	15,982	79,790	116,219	7,871	739	124,829
Postage and shipping	3,386	1,596	948	5,930	10,377	1,284	17,591
Miscellaneous	860	1,924	276	3,060	26,437	162	29,659
Membership dues	250	195		445	15,085		15,530
Dues to National Organization					15,000		15,000
Total	3,093,748	1,728,419	6,921,688	11,743,855	2,053,884	384,550	14,182,289
Allocation of depreciation	7,766		257,867	265,633	121,407		387,040
Allocation of administrative costs	472,338	50,510	716,557	1,239,405	(1,239,405)		-
TOTAL EXPENSES	<u>\$ 3,573,852</u>	<u>\$ 1,778,929</u>	<u>\$ 7,896,112</u>	<u>\$ 13,248,893</u>	<u>\$ 935,886</u>	<u>\$ 384,550</u>	<u>\$ 14,569,329</u>

(Continued)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

	2007						
	Program Services				Supporting Services		
	Economic Empowerment	Basic Needs	Education	Total	Management and General	Fundraising and Communications	Total
EXPENSES:							
Salaries	\$ 1,671,702	\$ 280,783	\$ 2,811,920	\$ 4,764,405	\$ 1,071,205	\$ 284,760	\$ 6,120,370
Employee health and retirement benefits	202,059	28,396	366,758	597,213	104,726	24,896	726,835
Payroll taxes	208,303	27,345	301,774	537,422	93,094	23,421	653,937
Assistance to individuals	988,856	874,102	408,648	2,271,606	10,000		2,281,606
Occupancy	9,394	374,440	1,179,355	1,563,189	220,825	4,500	1,788,514
Supplies	63,272	36,021	272,616	371,909	64,632	3,138	439,679
Professional fees	95,453	666	475,977	572,096	194,410		766,506
Local transportation	12,623	3,723	499,963	516,309	10,664		526,973
Equipment purchases	21,629	142	28,716	50,487	18,333	5,185	74,005
Telephone	14,584	19,964	40,680	75,228	34,487	3,014	112,729
Awards and grants	268		35,000	35,268	28,373	100	63,741
Conferences and meetings	25,706	13,742	83,492	122,940	185,374	5,064	313,378
Travel	37,538	11,604	9,876	59,018	26,269	12	85,299
Rental and equipment maintenance	8,787	22,439	36,170	67,396	55,781	6,495	129,672
Printing and publications	40,475	9,879	40,105	90,459	69,350	24,565	184,374
Insurance	9,770	15,135	77,097	102,002	16,260		118,262
Postage and shipping	2,665	3,343	2,785	8,793	18,356	1,887	29,036
Miscellaneous	1,473	1,451	1,571	4,495	17,443	695	22,633
Membership dues	195			195	12,983	1,280	14,458
Dues to National Organization					15,000		15,000
Total	3,414,752	1,723,175	6,672,503	11,810,430	2,267,565	389,012	14,467,007
Allocation of depreciation	12,366		253,234	265,600	124,708		390,308
Allocation of administrative costs	461,999	52,794	787,078	1,301,871	(1,301,871)		-
TOTAL EXPENSES	\$ 3,889,117	\$ 1,775,969	\$ 7,712,815	\$ 13,377,901	\$ 1,090,402	\$ 389,012	\$ 14,857,315

See notes to financial statements.

(Concluded)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 (RESTATED)

	2008	2007 (As Restated, See Note 13)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (349,155)	\$ (549,205)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	387,040	390,308
Contributions restricted for endowment	(26,000)	(28,083)
(Gain) loss on investments	17,339	(6,642)
Donation of equity securities	(31,094)	(1,193)
Changes in assets and liabilities:		
Accounts receivable	(193,846)	250,016
Pledges receivable	(90,554)	33,165
Prepaid expenses	14,796	(38,838)
Accounts payable and accrued expenses	199,118	22,324
Accrued payroll and related taxes	34,512	(44,095)
Accrued pension liability	797,815	(181,014)
Deferred revenue	9,134	(98,249)
	<u>769,105</u>	<u>(251,506)</u>
Net cash from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(154,274)	(14,833)
Purchases of investments	(380,000)	(671,079)
Proceeds from sale or maturity of investments	373,609	659,889
	<u>(160,665)</u>	<u>(26,023)</u>
Net cash from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES —		
Proceeds from contributions restricted for long-term investments		<u>28,083</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	608,440	(249,446)
CASH AND CASH EQUIVALENTS — Beginning of year	<u>205,967</u>	<u>455,413</u>
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 814,407</u>	<u>\$ 205,967</u>
SUPPLEMENTAL DATA FOR NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES — Donation of equity securities		
	<u>\$ 31,094</u>	<u>\$ 29,276</u>

See notes to financial statements.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General — The Urban League of Metropolitan St. Louis, Inc. (the “League”) is a charitable, community services agency. It conducts programs and provides services to the community in education, basic needs, and economic empowerment. The League’s mission is to assist African Americans and others throughout the St. Louis metropolitan area in the achievement of social and economic equality. The League implements its mission through advocacy, coalition building, program services, and by promoting communication and understanding between the races.

The League is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The accompanying financial statements include all programs operated by the League. The financial statements are prepared on the accrual basis of accounting.

Use of Management Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make certain 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. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for uncollectible receivables and pledges and pension plan assumptions.

Financial Statement Format — The following is a description of the three classes of net assets of the League:

Unrestricted Net Assets — Unrestricted Net Assets represent those net assets whose use is not restricted by donors. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Included in unrestricted net assets are net assets for which outside agencies or government bodies, rather than a donor, have designated for various purposes under grant contracts. These assets are noted as unrestricted contractual net assets. Unrestricted property and equipment net assets represents the net property and equipment of the League that will be depreciated in future years.

Temporarily Restricted Net Assets — Temporarily Restricted Net Assets represent those net assets whose use has been limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the League pursuant to those stipulations.

Permanently Restricted Net Assets — Permanently Restricted Net Assets represent those net assets whose use has been limited by donor-imposed stipulations that they must be maintained in perpetuity. Interest income is recorded as temporarily restricted for scholarships.

Contributions — Unconditional contributions are recognized when promised or received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily or permanently restricted support that increases those net asset classes. However, if the restriction is fulfilled in the same time period in which the contribution is

received, the League reports the support as unrestricted operational. Gifts of long-lived assets received without stipulation are recorded as unrestricted support.

Grants From Governmental Agencies — Revenue from governmental grants and certain other contractual contributions is recognized when allowable expenditures are made by the League. Grants received for specific purposes but not yet expended are recorded as deferred revenue.

Cash and Cash Equivalents — Cash equivalents are stated at cost, which approximates market value. The League considers all highly liquid debt instruments with a maturity of three months or less at date of purchase to be cash equivalents.

Pledges Receivable — Pledges receivable are recognized as revenue when they are unconditionally promised. Pledges with a term greater than one year are discounted using the rate obtained on the League's revolving line of credit.

Investments — Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Fair value is based upon published bid prices. Investments received as gifts are recorded at estimated fair value at the date of donation. Dividend and interest income are accrued when earned.

Property and Equipment — Donated property and vehicles are recorded as an addition to the unrestricted property and equipment net assets at fair market value on the date of donation. Major repairs that significantly extend the life of an asset are capitalized. Purchases of property and equipment of \$5,000 or more are capitalized. Property and equipment are depreciated on a straight-line basis over the following estimated useful lives of the assets:

Buildings	45 years
Building improvements	20 years
Furniture, fixtures, and equipment	3–10 years
Leased building improvements	Shorter of the life of lease or life of asset

Indirect Costs — Certain supporting salaries, benefits, worker's compensation, rent, business office fees, legal and audit fees, photocopier usage, postage and consulting, and general utility expenses are allocated to the individual programs to the extent allowable in the grants. These indirect costs are reflected in the allocation of administrative costs in the statements of functional expenses.

Fundraising — The League employs fundraising staff who organize special events and request contributions from donors. No fundraising costs are allocated to programs. Direct costs of special events are recorded as an offset to special event income in the statements of activities. All other fundraising costs are recorded in the statements of activities and functional expenses.

Recent Accounting Pronouncement — In May 2008, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 162, *Hierarchy of Generally Accepted Accounting Principles* (SFAS No. 162). SFAS No. 162 identifies the sources of accounting principles and the framework for selecting principles to be used in the preparation and presentation of financial statements in accordance with generally accepted accounting principles. This statement was effective for the League in the year ending December 31, 2008. The adoption of SFAS No. 162 did not have a material effect on the financial statements.

In August 2008 the FASB issued FASB Staff Position (FSP) FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent*

Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FAS 117-1). FAS 117-1 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This FSP also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA. The FSP will be effective for the League in the year ending December 31, 2009. The League does not anticipate the adoption of FAS 117-1 will have a material effect on the financial statements.

2. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2008 and 2007, were scheduled for collection as follows:

	2008	2007
Less than one year	\$ 1,524,535	\$ 1,431,535
One-five years	524,716	515,235
More than five years	<u> </u>	<u> </u>
Total pledges receivable	2,049,251	1,946,770
Discount on pledges receivable	<u>(66,829)</u>	<u>(80,903)</u>
	<u>\$ 1,982,422</u>	<u>\$ 1,865,867</u>

3. INVESTMENTS

Investments as of December 31, 2008 and 2007, were as follows:

	2008	2007
Certificates of deposit	\$ 202,652	\$ 196,415
Debt securities	<u>612,834</u>	<u>598,925</u>
Total investments	<u>\$ 815,486</u>	<u>\$ 795,340</u>
Components of investment income include:		
Interest income	\$ 37,918	\$ 53,582
(Loss) gain on investments	<u>(17,339)</u>	<u>6,642</u>
Investment income	<u>\$ 20,579</u>	<u>\$ 60,224</u>

4. FAIR VALUE DISCLOSURES

The League's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy in accordance with SFAS No. 157, *Fair Value Measurements* (SFAS No. 157).

SFAS No. 157, which was adopted by the League on January 1, 2008, establishes a hierarchy based on the quality of the inputs used to measure fair value. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the League. Unobservable inputs are inputs that reflect the league's assumptions about

the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 — Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the League has the ability to access and does not entail a significant degree of judgment.

Level 2 — Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 — Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

The following fair value hierarchy table presents information about the League's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2008.

Description	December 31, 2008	Fair Value Measurements At Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 815,486	\$ 815,486	\$ -	\$ -

5. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2008 and 2007, consisted of:

	2008	2007
Land	\$ 51,615	\$ 51,615
Buildings and improvements	4,233,921	4,233,921
Furniture, fixtures, and equipment	<u>615,507</u>	<u>461,233</u>
Total property and equipment	4,901,043	4,746,769
Accumulated depreciation	<u>(2,823,958)</u>	<u>(2,436,918)</u>
Net property and equipment	<u>\$ 2,077,085</u>	<u>\$ 2,309,851</u>

6. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions during 2008 and 2007 as follows:

	2008	2007
North County Facility (related party)	\$ 140,519	\$ 140,519
Economic Empowerment	149,138	183,094
Scholarships — Education	36,758	71,239
Basic Needs	67,355	310,183
Miscellaneous	<u>8,000</u>	<u>10,737</u>
	<u>\$ 401,770</u>	<u>\$ 715,772</u>

7. RESTRICTED NET ASSETS

The League's temporarily restricted net assets as of December 31, 2008 and 2007, are available for the following purposes or periods:

	2008	2007
Administration (United Way)	\$ 1,283,016	\$ 1,283,016
North County Facility (related party)	462,276	575,461
Economic Empowerment	260,317	45,324
Education	33,989	26,661
Basic Needs	105,519	37,236
Miscellaneous	<u>14,500</u>	<u>8,000</u>
	<u>\$ 2,159,617</u>	<u>\$ 1,975,698</u>

The League's permanently restricted net assets as of December 31, 2008 and 2007, are comprised of the following endowment. The principal is to be held in perpetuity and the income earned on the principal is expendable on scholarships.

	2008	2007
Leslie Scholarship Fund	<u>\$ 526,358</u>	<u>\$ 500,358</u>

8. COMMITMENTS

The League leases office space and office equipment. Rent, including month-to-month leases, amounted to approximately \$240,000 and \$385,000 in 2008 and 2007, respectively. Aggregate future minimum lease commitments at December 31, 2008, are as follows:

2009	\$ 215,092
2010	199,625
2011	151,546
2012	78,445
2013	<u>71,779</u>
Total	<u>\$ 716,487</u>

9. PENSION PLAN

Defined Benefit Plan — The League has a defined benefit pension plan which covers all active full-time employees. The plan provides benefits based on the participant's years of service and compensation. The League's funding policy is to contribute amounts sufficient upon an actuarially determined basis to provide the benefits under the plan in accordance with the minimum funding requirements of the Employee Retirement Income Security Act.

A measurement date of December 31 is used for the defined benefit plan.

	2008	2007
Change in benefit obligation:		
Projected benefit obligation — beginning of year	\$ 4,698,007	\$ 4,684,946
Service cost	397,761	362,200
Interest cost	276,650	263,097
Actuarial gains	(209,810)	(77,837)
Benefits paid	<u>(163,935)</u>	<u>(534,399)</u>
Projected benefit obligation — end of year	<u>4,998,673</u>	<u>4,698,007</u>
Change in plan assets:		
Fair value of assets — beginning of year	4,574,973	4,380,898
Actual return on assets	(983,214)	303,474
Employers contributions	650,000	425,000
Benefits paid	<u>(163,935)</u>	<u>(534,399)</u>
Fair value of assets — end of year	<u>4,077,824</u>	<u>4,574,973</u>
Funded status — end of year	<u>\$ (920,849)</u>	<u>\$ (123,034)</u>
Items not yet recognized as a component of net periodic pension cost — unrecognized loss	<u>\$ 1,510,200</u>	<u>\$ 396,684</u>

The components of net periodic benefit cost were as follows:

	2008	2007
Service cost	\$ 397,761	\$ 362,200
Interest cost	276,650	263,097
Expected return on plan assets	(340,112)	(320,130)
Amortization of transition obligation	<u> </u>	<u>(7,958)</u>
	<u>\$ 334,299</u>	<u>\$ 297,209</u>

Employer contributions and benefits paid for the years ended December 31, 2008 and 2007, are as follows:

	2008	2007
Employer contribution	\$ 650,000	\$ 425,000
Benefits paid	163,935	534,399
Weighted average assumptions:		
Discount rate	6.0 %	6.0 %
Expected return on plan assets	7.5	7.5
Rate of compensation increase	3.0	4.0

The League's target allocation by asset class versus the actual allocation as of December 31, 2008 and 2007, are as follows:

	Plan Assets		Target Allocation	Actual Allocation	
	2008	2007		2008	2007
Equity securities	\$ 2,152,103	\$ 2,836,390	30–70 %	53 %	62 %
Debt securities	1,344,926	1,646,936	30–70	33	36
Other	580,795	91,647	2–6	14	2
	<u>\$ 4,077,824</u>	<u>\$ 4,574,973</u>		<u>100 %</u>	<u>100 %</u>

The League seeks to manage plan assets in a prudent, conservative yet productive manner seeking to increase the value of plan assets, while recognizing the need to preserve asset value in order to enhance the ability of the plan to meet its obligations to plan participants and their beneficiaries when due. The long-term rate assumption of 7.5% is based upon the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27, *Selection Economic Assumptions for Measuring Pension Obligations*.

Information about the expected cash flows for the defined benefit pension plan is as follows:

Employer contributions 2009 (expected)	\$ 400,000
Expected amortization of net loss	126,292
Expected benefit payments:	
2009	200,000
2010	190,000
2011	160,000
2012	360,000
2013	440,000
2014–2018	1,850,000

10. LINE OF CREDIT

The League has a revolving line of credit for up to \$100,000 at the prime rate. The line of credit is due on demand and is secured by all inventory, chattel paper, accounts receivable, equipment, and general intangibles. No amounts were outstanding at either December 31, 2008 or 2007.

11. BELOW-MARKET LEASES

The League rents five buildings at below market rates to operate Head Start facilities. Contribution and additional occupancy expense is recorded for the difference between the market rate and the reduced rate paid by the League. Four of five leases for Head Start facilities contain a clause that allows the League to terminate the lease after 30 days notice of the Head Start contract termination. Due to the conditional nature of this in-kind rent the future pledged rent reduction has not been recorded in the financial statements.

Two of the leases are with two members of the Board of Directors, one of which includes the lease of the League's North County Administrative Office as well as a Head Start facility. The North County Administrative Office portion of the lease is non-cancelable. The fair market value of the contributed rent is recorded as a pledge receivable and temporarily restricted contribution. At December 31, 2008 and 2007, the discounted pledge totaled \$462,276 and \$575,461, respectively.

The Martin Luther King Center lease includes five one-year renewal options to extend the lease at a below market rate.

The additional contributions and occupancy expense recorded in the financial statements are as follows:

Facility	Lease Expiration Date	Term of Lease	Additional Contributions and Occupancy Expense for the Year Ended December 31,	
			2008	2007
1401 E. Broadway	November 2008	5 years	\$ 134,488	\$ 134,488
Jennings Station (related party)	August 2012	10 years	273,175	273,175
Mt. Zion (related party)	May 2011	5 years	23,560	23,560
Martin Luther King Center	June 2008	5 years	306,780	306,780
911 N. Spring	May 2011	5 years	<u>375,000</u>	<u>375,000</u>
			<u>\$1,113,003</u>	<u>\$1,113,003</u>

12. RELATED-PARTY TRANSACTIONS

The League has an affiliate relationship with its charter organization, the National Urban League. During the years ended December 31, 2008 and 2007, the League received grants as a result of its affiliate relationship. The federally funded grant for Urban Youth Empowerment, passed through the National Urban League, totaled \$155,647 and \$266,240 and is included in the combining statements of activities and changes in net assets as unrestricted contractual grants from governmental agencies for the years ended December 31, 2008 and 2007, respectively. The League paid \$15,000 to the National Urban League which is included as operational supporting services — management and general in the statement of activities for each of the years ended December 31, 2008 and 2007.

Members of the Board of Directors of the League and employers of the Board of Directors of the League made contributions of \$47,678 and \$674,800, respectively, for the year ended December 31, 2008. These contributions are included in the statement of activities for the year ended December 31, 2008, as contributions and special-purpose revenue.

Members of the Board of Directors of the League and employers of the Board of Directors of the League made contributions of \$50,749 and \$776,309, respectively, for the year ended December 31, 2007.

These contributions are included in the statement of activities for the year ended December 31, 2007, as contributions and special-purpose revenue.

13. CASH FLOW RESTATEMENT

Subsequent to the issuance of the League's 2007 financial statements, management of the League determined that \$1,267,683 of pledged contributions had been improperly classified as cash flows from financing activities instead of cash from operating activities. As a result of this error, the 2007 cash flow statement has been restated to correct the technical reclassification of pledged contributions.

	2007 As Previously Reported	Restatement Amount	2007 As Restated
Change in assets and liabilities — pledges receivable	\$(1,234,518)	\$ 1,267,683	\$ 33,165
Net cash from operating activities	(1,519,189)	1,267,683	(251,506)
Cash flows from financing activities	1,295,766	(1,267,683)	28,083

* * * * *

ADDITIONAL INFORMATION

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 1

**COMBINING STATEMENT OF FINANCIAL POSITION INFORMATION
UNRESTRICTED OPERATIONAL
AS OF DECEMBER 31, 2008**

	Combined Total	Administration	Vaughn Cultural Center	Business Training Center	Federation of Block Units	Urban League Guild	Urban League Young Professionals
ASSETS:							
Cash and temporary cash equivalents	\$ 813,307	\$ 813,307	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	21,515	18,731	2,784				
Prepaid expenses	121,547	121,547					
Due from (to)	231,785	203,990	(2,346)	997	14,111	2,264	12,769
Investments	<u>341,156</u>	<u>333,124</u>			<u>8,032</u>		
TOTAL	<u>\$ 1,529,310</u>	<u>\$ 1,490,699</u>	<u>\$ 438</u>	<u>\$ 997</u>	<u>\$ 22,143</u>	<u>\$ 2,264</u>	<u>\$ 12,769</u>
LIABILITIES AND NET ASSETS:							
Liabilities:							
Accounts payable and accrued expenses	\$ 98,209	\$ 97,287	\$ 438	\$ 76	\$ -	\$ 101	\$ 307
Accrued payroll and related taxes	97,943	97,022		921			
Accrued pension liability	920,849	920,849					
Deferred revenue	<u>40,726</u>	<u>40,726</u>					
Total liabilities	1,157,727	1,155,884	438	997		101	307
Net assets	<u>371,583</u>	<u>334,815</u>			<u>22,143</u>	<u>2,163</u>	<u>12,462</u>
TOTAL	<u>\$ 1,529,310</u>	<u>\$ 1,490,699</u>	<u>\$ 438</u>	<u>\$ 997</u>	<u>\$ 22,143</u>	<u>\$ 2,264</u>	<u>\$ 12,769</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 2

**COMBINING STATEMENT OF FINANCIAL POSITION INFORMATION
UNRESTRICTED CONTRACTUAL
AS OF DECEMBER 31, 2008**

	Combined Total	B.T. Hurt Scholarship Fund	Educational Resource Center	Headstart			WIA Youth St. Louis County	WIA Youth St. Clair County	Jobs for Missouri	Economic Ladders	Youth Empower- ment	CitiGroup Financials	Affordable Housing Utility	Total from Following Page
				Federal	USDA	Private and State								
ASSETS:														
Cash and temporary cash equivalents	\$ 1,100	\$ -	\$ -	\$ 1,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	1,025,175	100	3,459	273,405	39,830		151,476	5,277	83,701		5,611	5,000	11,032	446,284
Due from (to)	<u>(464,008)</u>	<u>8,353</u>	<u>7,225</u>	<u>(9,537)</u>	<u>(39,830)</u>		<u>(117,044)</u>	<u>(5,277)</u>	<u>(68,045)</u>	<u>713</u>	<u>(5,611)</u>	<u>(3,484)</u>	<u>(10,482)</u>	<u>(220,989)</u>
TOTAL	<u>\$ 562,267</u>	<u>\$ 8,453</u>	<u>\$ 10,684</u>	<u>\$ 264,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,432</u>	<u>\$ -</u>	<u>\$ 15,656</u>	<u>\$ 713</u>	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 550</u>	<u>\$ 225,295</u>
LIABILITIES AND NET ASSETS:														
Liabilities:														
Accounts payable and accrued expenses	\$ 211,426	\$ 5,167	\$ 10,684	\$ 87,126	\$ -	\$ -	\$ 7,753	\$ -	\$ 1,185	\$ -	\$ -	\$ -	\$ 550	\$ 98,961
Accrued payroll and related taxes	262,470			177,842			26,679		14,471	713		1,516		41,249
Deferred revenue	<u>85,085</u>													<u>85,085</u>
Total liabilities	558,981	5,167	10,684	264,968	-	-	34,432	-	15,656	713	-	1,516	550	225,295
Net assets	<u>3,286</u>	<u>3,286</u>												
TOTAL	<u>\$ 562,267</u>	<u>\$ 8,453</u>	<u>\$ 10,684</u>	<u>\$ 264,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,432</u>	<u>\$ -</u>	<u>\$ 15,656</u>	<u>\$ 713</u>	<u>\$ -</u>	<u>\$ 1,516</u>	<u>\$ 550</u>	<u>\$ 225,295</u>

(Continued)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 2

**COMBINING STATEMENT OF FINANCIAL POSITION INFORMATION
UNRESTRICTED CONTRACTUAL
AS OF DECEMBER 31, 2008**

	Total to Preceding Page	Housing Advocacy	NUL Homeless Prevention	Homeless Prevention MHDC	Affordable Housing LEAD	Missouri Emergency Shelter	HUD Fair Housing	2009 Weather- ization	2008 Weather- ization	Weather- ization Laclede	Weather- ization Ameren	Weather- ization LIHEAP	Norman Cash Assistance	Total from Following Page
ASSETS:														
Cash and temporary cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	446,284	17,400	15,000		21,320	15,550	50,000	127,494		60,538	47,426	9,339		82,217
Due from (to)	<u>(220,989)</u>	<u>(16,210)</u>	<u>(12,691)</u>		<u>18,750</u>	<u>(14,950)</u>	<u>(50,000)</u>	<u>(60,162)</u>		<u>(60,462)</u>	<u>(47,350)</u>	<u>(9,339)</u>	<u>89,188</u>	<u>(57,763)</u>
TOTAL	<u>\$ 225,295</u>	<u>\$ 1,190</u>	<u>\$ 2,309</u>	<u>\$ -</u>	<u>\$40,070</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 67,332</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$89,188</u>	<u>\$ 24,454</u>
LIABILITIES AND NET ASSETS:														
Liabilities:														
Accounts payable and accrued expenses	\$ 98,961	\$ 280	\$ 38	\$ -	\$40,070	\$ 600	\$ -	\$ 40,627	\$ -	\$ 76	\$ 76	\$ -	\$16,399	\$ 795
Accrued payroll and related taxes	41,249	910	2,271					26,705						11,363
Deferred revenue	<u>85,085</u>												<u>72,789</u>	<u>12,296</u>
Total liabilities	225,295	1,190	2,309	-	40,070	600	-	67,332	-	76	76	-	89,188	24,454
Net assets														
TOTAL	<u>\$ 225,295</u>	<u>\$ 1,190</u>	<u>\$ 2,309</u>	<u>\$ -</u>	<u>\$40,070</u>	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 67,332</u>	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$89,188</u>	<u>\$ 24,454</u>

(Continued)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 2

**COMBINING STATEMENT OF FINANCIAL POSITION INFORMATION
UNRESTRICTED CONTRACTUAL
AS OF DECEMBER 31, 2008**

	Total to Preceding Page	MYEP	YES Camp	Digital Divide	Empower- ment Zone	CDA Loan	NUL MetLife	NUL FMP	NUL MGIC	Wells F Housing	St. Louis County Lead	FEMA SCC	FEMA STLC	FEMA STLCO	Utility Care Program
ASSETS:															
Cash and temporary cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	82,217						6,169	50,126	10,000		15,922				
Due from (to)	<u>(57,763)</u>			<u>13,626</u>		<u>336</u>	<u>(4,311)</u>	<u>(41,690)</u>	<u>(10,000)</u>	<u>198</u>	<u>(15,922)</u>				
TOTAL	<u>\$ 24,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,626</u>	<u>\$ -</u>	<u>\$ 336</u>	<u>\$ 1,858</u>	<u>\$ 8,436</u>	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND NET ASSETS:															
Liabilities:															
Accounts payable and accrued expenses	\$ 795	\$ -	\$ -	\$ -	\$ -	\$ 336	\$ 371	\$ 88	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related taxes	11,363			1,330			1,487	8,348		198					
Deferred income	<u>12,296</u>			<u>12,296</u>											
Total liabilities	24,454	-	-	13,626	-	336	1,858	8,436	-	198	-	-	-	-	-
Net assets															
TOTAL	<u>\$ 24,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,626</u>	<u>\$ -</u>	<u>\$ 336</u>	<u>\$ 1,858</u>	<u>\$ 8,436</u>	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Concluded)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 3

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS INFORMATION
UNRESTRICTED OPERATIONAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Combined Total	Administration	Vaughn Cultural Center	Business Training Center	Federation of Block Units	Urban League Guild	Urban League Young Professionals
SUPPORT AND REVENUE:							
Contributions and special purpose revenue	\$ 727,368	\$ 663,648	\$ -	\$ 62,500	\$ -	\$ 100	\$ 1,120
United Way of Greater St. Louis	1,260,336	1,248,856		11,480			
Unassociated fund raising	179,572	179,572					
Special events — net of expenses	136,933	119,456				11,668	5,809
Membership dues	14,847	5,812			1,495	300	7,240
Grants from governmental agencies	283,565	263,763	19,802				
Investment income	16,360	16,150			210		
Miscellaneous	23,445	22,942	75	78		350	
Net assets released from restrictions	<u>354,281</u>	<u>316,781</u>		<u>37,500</u>			
Total support and revenue	<u>2,996,707</u>	<u>2,836,980</u>	<u>19,877</u>	<u>111,558</u>	<u>1,705</u>	<u>12,418</u>	<u>14,169</u>
EXPENSES:							
Salaries	929,233	868,467	654	60,112			
Employee health and retirement benefits	106,894	96,272	81	10,541			
Payroll taxes	88,525	82,211	156	6,158			
Assistance to individuals	579,123	578,823				300	
Occupancy	572,070	555,070		17,000			
Supplies	79,955	74,835	846	3,883		48	343
Professional fees	(51,590)	(67,688)	12,317	3,781			
Local transportation	14,522	14,522					
Equipment purchases	18,706	14,263		4,443			
Telephone	61,631	60,162	619	850			
Awards and grants	22,218	22,218					
Conferences and meetings	133,632	115,957	1,801			6,858	9,016
Travel	52,812	49,390				2,345	1,077
Rental and equipment maintenance	78,156	78,079		77			
Printing and publications	45,634	41,151	3,506	611		244	122
Insurance	24,592	24,592					
Postage and shipping	13,777	13,341	2	12		322	100
Miscellaneous	29,383	29,175				208	
Membership dues	15,530	14,750				450	330
Dues to National Organization	<u>15,000</u>	<u>15,000</u>					
Total expenses	<u>2,829,803</u>	<u>2,680,590</u>	<u>19,982</u>	<u>107,468</u>	<u>-</u>	<u>10,775</u>	<u>10,988</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	166,904	156,390	(105)	4,090	1,705	1,643	3,181
FAS 158 PENSION-RELATED BENEFITS (COSTS) OTHER THAN NET PERIODIC PENSION COST	<u>(443,966)</u>	<u>(439,761)</u>	<u>(115)</u>	<u>(4,090)</u>			
CHANGE IN NET ASSETS	(277,062)	(283,371)	(220)	-	1,705	1,643	3,181
TRANSFERS	(50,710)	(50,930)	220				
NET ASSETS:							
Beginning of year	<u>699,355</u>	<u>669,116</u>			<u>20,438</u>	<u>520</u>	<u>9,281</u>
End of year	<u>\$ 371,583</u>	<u>\$ 334,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,143</u>	<u>\$ 2,163</u>	<u>\$12,462</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 4

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS INFORMATION
UNRESTRICTED CONTRACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Combined Total	B.T. Hurt Scholarship Fund	Educational Resource Center	Head Start			WIA Youth St. Louis County	WIA Youth St. Clair County	Jobs for Missouri	Economic Ladders	Youth Empower- ment	CitiGroup Financials	Affordable Housing Utility	Total from Following Page
				Federal	USDA	Private and State								
SUPPORT AND REVENUE:														
Contributions and special purpose revenue	\$ 1,423,076	\$ -	\$ 1,000	\$ -	\$ -	\$1,272,142	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ 114,934
United Way of Greater St. Louis	29,250									29,250				
Special events — net of expenses	11,364	11,364												
Unassociated fundraising	26,124					26,124								
Grants from governmental agencies	10,589,766		35,932	6,007,637	355,070	417,253	1,228,166	20,369	430,462				56,215	1,883,015
Net assets released from restrictions	47,489		(500)			14,875								33,114
Total support and revenue	<u>12,127,069</u>	<u>11,364</u>	<u>36,432</u>	<u>6,007,637</u>	<u>355,070</u>	<u>1,730,394</u>	<u>1,228,166</u>	<u>20,369</u>	<u>430,462</u>	<u>29,250</u>	<u>155,647</u>	<u>35,000</u>	<u>56,215</u>	<u>2,031,063</u>
EXPENSES:														
Salaries	5,246,946		13,575	2,842,340		601,100	580,555	14,578	296,998	22,394	91,946	24,180	9,454	749,826
Employee health and retirement benefits	667,262		2,165	439,343			72,948	1,141	43,574	2,910	12,420	2,582	2,017	88,162
Payroll taxes	573,732		1,376	395,728			44,365	1,715	32,384	2,187	10,766	2,262	926	82,023
Assistance to individuals	1,440,512		4,781	(25,999)	355,070	29,653	307,289	240	2,416		11,817	1,400	40,859	712,986
Occupancy	1,309,528			418,014		851,563	1,440	488			7,500		1,434	29,089
Supplies	214,306			156,655		7,026	15,822	286	11,210		1,867	150	506	20,784
Professional fees	954,898		12,661	484,090		234,710	71,602	1,000	5,385		9,589	3,523	683	131,655
Local transportation	428,968			405,662		6,246								17,060
Equipment purchases	102,983			89,438										13,545
Telephone	53,229			45,807							1,333			6,089
Awards and grants	12,261	9,900	500				638		1,223					
Conferences and meetings	54,023			44,717			4,373		1,705			667		2,561
Travel	60,489			12,756			14,097	43	16,482		1,514			15,597
Rental and equipment maintenance	65,597			52,585			4,265		3,302		681	58		4,706
Printing and publications	63,425		658	40,881			3,186		332		1,909			16,459
Insurance	100,237			79,790			2,540							17,907
Postage and shipping	3,814		87	859			309		499		41			2,019
Miscellaneous	276			180		96								
Total expenses	<u>11,352,486</u>	<u>9,900</u>	<u>35,803</u>	<u>5,482,846</u>	<u>355,070</u>	<u>1,730,394</u>	<u>1,123,429</u>	<u>19,491</u>	<u>415,510</u>	<u>27,491</u>	<u>151,383</u>	<u>34,822</u>	<u>55,879</u>	<u>1,910,468</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	774,583	1,464	629	524,791	-	-	104,737	878	14,952	1,759	4,264	178	336	120,595
FAS 158 PENSION-RELATED BENEFITS (COSTS) OTHER THAN NET PERIODIC PENSION COST	(669,555)		(629)	(421,227)			(104,737)	(878)	(14,952)	(1,759)	(4,264)	(178)	(336)	(120,595)
CHANGE IN NET ASSETS	105,028	1,464	-	103,564	-	-	-	-	-	-	-	-	-	-
TRANSFERS	(103,564)			(103,564)										
NET ASSETS — Beginning of year	1,822	1,822												
NET ASSETS — End of year	<u>\$ 3,286</u>	<u>\$ 3,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 4

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS INFORMATION
UNRESTRICTED CONTRACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Total to Preceding Page	Housing Advocacy	NUL Homeless Prevention	Homeless Prevention MHDC	Affordable Housing LEAD	Missouri Emergency Shelter	HUD Fair Housing	2008 Weather- ization	2009 Weather- ization	Weather- ization Laclede	Weather- ization Ameren	Weather- ization LIHEAP	Normal Cash Assistance	Total from Following Page
SUPPORT AND REVENUE:														
Contributions and special purpose revenue	\$ 114,934	\$ -	\$ 84,515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,419
United Way of Greater St. Louis														
Special events — net of expenses														
Unassociated fundraising														
Grants from governmental agencies	1,883,015	44,338		505	62,758	19,792	78,734	168,512	253,952	345,455	320,477	9,339	157,575	421,578
Net assets released from restrictions	33,114													33,114
Total support and revenue	2,031,063	44,338	84,515	505	62,758	19,792	78,734	168,512	253,952	345,455	320,477	9,339	157,575	485,111
EXPENSES:														
Salaries	749,826	25,173	43,187		12,000		48,662	75,174	99,793	135,857	122,092			187,888
Employee health and retirement benefits	88,162	4,239	6,132		1,439		6,152	11,585	4,751	18,814	16,362			18,688
Payroll taxes	82,023	2,457	4,203		1,278		5,158	8,353	12,136	15,754	14,138			18,546
Assistance to individuals	712,986		8,847	505	40,070	19,792		43,545	43,520	112,062	111,137	7,997	150,501	175,010
Occupancy	29,089		4,000		1,235			2,024	4,554	7,058	4,791	320		5,107
Supplies	20,784	126	140		1,067		595	1,328	2,936	2,784	3,909			7,899
Professional fees	131,655	4,817	7,500		4,451		7,500	16,072	18,193	18,379	16,228	836	7,074	30,605
Local transportation	17,060							1,697	6,829	4,096	4,438			
Equipment purchases	13,545	904	1,041					1,089	5,545					4,966
Telephone	6,089		616					665	1,686	729	1,064			1,329
Awards and grants														
Conferences and meetings	2,561						66	1,275	79	74	10			1,057
Travel	15,597	1,997	1,654				5,877	570	3,366					2,133
Rental and equipment maintenance	4,706	84			390				1,691		566			1,975
Printing and publications	16,459				105			1,540	7,379	1,612	1,359			4,464
Insurance	17,907							3,408	5,044	5,607	3,662	186		
Postage and shipping	2,019		116				18	187	1,168	329	201			
Miscellaneous														
Total expenses	1,910,468	39,797	77,436	505	62,035	19,792	74,028	168,512	218,670	323,155	299,957	9,339	157,575	459,667
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	120,595	4,541	7,079	-	723	-	4,706	-	35,282	22,300	20,520	-	-	25,444
FAS 158 PENSION-RELATED BENEFITS (COSTS) OTHER THAN NET PERIODIC PENSION COST	(120,595)	(4,541)	(7,079)		(723)		(4,706)		(35,282)	(22,300)	(20,520)			(25,444)
CHANGE IN NET ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANSFERS														
NET ASSETS — Beginning of year														
NET ASSETS — End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 4

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS INFORMATION
UNRESTRICTED CONTRACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Total to Preceding Page	MYEP	YES Camp	Digital Divide	Empower- ment Zone	CDA Loan	NUL MetLife	NUL FMP	NUL MGIC	Wells F Housing	St. Louis County Lead	FEMA SCC	FEMA STLC	FEMA STLCO	Utility Care Program
SUPPORT AND REVENUE:															
Contributions and special purpose revenue	\$ 30,419	\$ 4,250	\$ -	\$ -	\$ -	\$ -	\$ 6,169	\$ -	\$20,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
United Way of Greater St. Louis															
Special events — net of expenses															
Unassociated fundraising															
Grants from governmental agencies	421,578			35,283	17,949			161,699			15,922	14,421	21,737	82,960	71,607
Net assets released from restrictions	33,114						29,541			3,573					
Total support and revenue	485,111	4,250	-	35,283	17,949	-	35,710	161,699	20,000	3,573	15,922	14,421	21,737	82,960	71,607
EXPENSES:															
Salaries	187,888			20,418	7,793		17,056	100,002	15,223	1,673	10,931				14,792
Employee health and retirement benefits	18,688			2,990	914		2,471	7,922	1,674	233	916				1,568
Payroll taxes	18,546			1,995	734		1,689	9,850	1,443	163	1,096				1,576
Assistance to individuals	175,010	4,250					7,296	2,349		889		14,205	21,411	81,840	42,770
Occupancy	5,107				2,107			3,000							
Supplies	7,899			1,950	467			1,077							4,405
Professional fees	30,605			3,449	1,631		3,751	16,219		313		216	326	1,120	3,580
Local transportation															
Equipment purchases	4,966			552				3,158							1,256
Telephone	1,329				1,329										
Awards and grants															
Conferences and meetings	1,057							308			749				
Travel	2,133				44			1,831			258				
Rental and equipment maintenance	1,975			51	1,559										365
Printing and publications	4,464						370	4,094							
Insurance															
Postage and shipping															
Miscellaneous															
Total expenses	459,667	4,250	-	31,405	16,578	-	32,633	149,810	18,340	3,271	13,950	14,421	21,737	82,960	70,312
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	25,444	-	-	3,878	1,371	-	3,077	11,889	1,660	302	1,972	-	-	-	1,295
FAS 158 PENSION-RELATED BENEFITS (COSTS) OTHER THAN NET PERIODIC PENSION COST	(25,444)			(3,878)	(1,371)		(3,077)	(11,889)	(1,660)	(302)	(1,972)				(1,295)
CHANGE IN NET ASSETS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TRANSFERS															
NET ASSETS — Beginning of year															
NET ASSETS — End of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(Concluded)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 5

**SCHEDULE OF INDIRECT COST RATE
FOR THE YEAR ENDED DECEMBER 31, 2008**

Description	Total Costs	Unallowable Costs	Allowable Costs
SUPPORTING SERVICES MANAGEMENT AND GENERAL:			
Salaries	\$1,036,957	\$ -	\$ 1,036,957
Employee health and retirement benefits	107,105		107,105
Payroll taxes	108,392		108,392
Occupancy	196,062		196,062
Supplies	41,880	(12,311)	29,569
Professional fees	183,455		183,455
Local transportation	12,197	(21)	12,176
Equipment purchases	7,141		7,141
Telephone	28,696	(792)	27,904
Awards and grants	22,218	(22,218)	-
Conferences and meetings	102,034	(95,031)	7,003
Travel	43,981	(33,347)	10,634
Rental and equipment maintenance	57,146	(24)	57,122
Printing and publications	31,850	(6,987)	24,863
Insurance	7,871		7,871
Postage and shipping	10,377	(2,770)	7,607
Miscellaneous	26,437	(26,413)	24
Membership dues	15,085	(12,656)	2,429
Dues to National Organization	15,000		15,000
Depreciation	121,407		121,407
	<u>\$2,175,291</u>	<u>\$ (212,570)</u>	<u>\$ 1,962,721</u>
Total general overhead			
			<u>\$ 12,009,488</u>
DIRECT PROGRAM COSTS			<u>\$ 12,009,488</u>
INDIRECT COST RATE			<u>16.34 %</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

NOTES TO SCHEDULE OF INDIRECT COST RATE FOR THE YEAR ENDED DECEMBER 31, 2008

1. BASIS OF ACCOUNTING

The Schedule of Indirect Cost Rate (the "Schedule") is prepared on the basis of accounting practices prescribed by OMB Circular A-122, *Cost Principles for Non-profit Organizations*. Accordingly, the Schedule is not intended to present general overhead and the indirect cost rate in accordance with accounting principles generally accepted in the United States of America. In the opinion of management, the allowable costs included in the above-mentioned schedule do not include any costs which are unallowable under the above cost principles, including but not limited to advertising and public relation costs, contributions and donations not specifically required by a contract, entertainment costs, fines, penalties, lobbying costs, and goodwill amortization or other such costs as defined by OMB Circular A-122, *Cost Principles for Non-profit Organizations*.

The preparation of the Schedule necessarily requires management to make estimates and assumptions that affect the reported amounts of expense during the reporting period. Actual results could differ from those estimates.

2. DEFINITION OF TERMS

Direct Program Costs — Represent any expense which is incurred by the League that is specifically identified and used by a program of the League. Direct program costs exclude capital expenditures (buildings, individual items of equipment; alterations and renovations). Fringe benefits applicable to direct salaries and wages are treated as direct costs. Sick leave, holiday, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for salaries and wages. Separate claims for these absences are not made. Vacation pay is accrued and charged the same as other fringe benefits.

General Overhead — Includes any management, financial and other indirect expense which is incurred by the League for the general management and operation of all programs as a whole.

Unallowable Costs — The League identifies unallowable costs through a post-year end analysis. Unallowable costs are defined under OMB Circular A-122, "Cost Principles For Non-Profit Organizations."

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**WEATHERIZATION PROGRAM SCHEDULE OF REVENUE AND EXPENDITURES
FOR SUBGRANTEE NUMBER G-05-16-2600-08-DOE
FOR THE PROGRAM YEAR ENDED JUNE 30, 2008**

Energy Center		Subgrantee	
BEGINNING AGENCY FUND BALANCE	\$ -	BEGINNING AGENCY FUND BALANCE	\$ -
REVENUE — Grant income	<u>485,732</u>	REVENUE — Grant income	<u>485,732</u>
EXPENDITURES:		EXPENDITURES:	
Administration	27,358	Administration	27,358
Insurance	7,000	Insurance	7,000
Program operations	408,831	Program operations	408,831
Other	31,006	Other	31,006
Training and technical assistance	<u>2,862</u>	Training and technical assistance	<u>2,862</u>
Total expenditures	<u>477,057</u>	Total expenditures	<u>477,057</u>
ENDING AGENCY FUND BALANCE	<u>\$ 8,675</u>	ENDING AGENCY FUND BALANCE	<u>\$ 8,675</u>

Note: The Weatherization Program Schedule of Revenue and Expenditures was prepared on the accrual basis of accounting.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 7

**WEATHERIZATION PROGRAM FUND BALANCE RECONCILIATION
FOR SUBGRANTEE NUMBER G-05-16-2600-08-DOE
FOR THE PROGRAM YEAR ENDED JUNE 30, 2008**

BEGINNING AGENCY FUND BALANCE (CARRYOVER)	\$ -
Grant revenue received during program year ended June 30, 2008	485,732
Program income	-
Less expenditures during program year ended June 30, 2008	<u>477,057</u>
AGENCY ENDING FUND BALANCE (CARRYOVER)	<u>\$ 8,675</u>
ENDING CASH ON HAND	<u>\$ -</u>
ENDING INVENTORY	<u>\$ -</u>

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

Schedule 8

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Passed-through the St. Louis City Department of Human Services/Welfare — Missouri Emergency Shelter	14.231	49511	\$ 19,792
HUD Fair Housing Initiative	14.408	FH40DG0646	78,735
Passed-through National Urban League — Foreclosure Mitigation	21.000	NA	<u>161,699</u>
Total Department of Housing and Urban Development			<u>260,226</u>
DEPARTMENT OF LABOR:			
Workforce Development:			
Passed-through the St. Clair County Intergovernmental Grants Department — WIA Youth Program	17.259	206-2024-7460-W044245	20,369
Passed-through the St. Louis County Department of Human Services/Workforce Development — WIA Youth Program	17.259	5295	<u>1,228,165</u>
Total CFDA #17.259			1,248,534
Passed-through the St. Louis County Department of Human Services/Workforce Development — Jobs for Missouri Graduates	17.207	5295	430,461
Passed-through the Employment and Training Administration — National Urban League, Inc. Youth Empowerment	17.261	AF-14156-04-60	<u>155,647</u>
Total Department of Labor			<u>1,834,642</u>
DEPARTMENT OF HOMELAND SECURITY:			
Passed-through the United Way of America:			
Emergency Food and Shelter — St. Clair County	97.024	26-2542-00-007	14,421
Emergency Food and Shelter — City of St. Louis	97.024	26-5516-00-013	21,737
Emergency Food and Shelter — St. Louis County	97.024	26-5476-00-007	<u>82,960</u>
Total Department of Homeland Security — Total CFDA #97.024			<u>119,118</u>

(Continued)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
DEPARTMENT OF ENERGY:			
Passed-through the State of Missouri Department of Natural Resources — Weatherization	81.042	G-07-16-2600-08	\$ 168,512
Passed-through the State of Missouri Department of Natural Resources — Weatherization	81.042	G-08-16-2600-08	253,952
Passed-through the State of Missouri Department of Natural Resources — Utilicare	81.042	G-07-16-LACGS-08	<u>71,607</u>
Total CFDA #81.042			494,071
Passed-through the State of Missouri Department of Natural Resources — LIHEAP	93.568	G-06-16-LIHP-08	<u>9,339</u>
Total Department of Energy			<u>503,410</u>
DEPARTMENT OF EDUCATION:			
Passed-through the University of Missouri St. Louis — Gear Up	84.334	S-5-34139	<u>35,932</u>
UNITED STATES DEPARTMENT OF AGRICULTURE:			
Passed-through the State of Missouri Department of Social Services Emergency Food Assistance Program	10.569	N/A	130,704
Passed-through the State of Missouri Department of Health and Senior Services — Head Start USDA Reimbursement	10.558	ERS46-07-1171	<u>355,070</u>
Total Department of Agriculture			<u>485,774</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES — Passed-through the YWCA — Head Start	93.600	N/A	<u>6,007,637</u>
Total Department of Health and Human Services			<u>6,007,637</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 9,246,739</u>

See notes to Schedule of Expenditures of Federal Awards.

(Concluded)

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**NOTES TO SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. The Schedule of Expenditures of Federal Awards was prepared on the accrual basis of accounting.
2. The League is servicing low-interest, deferred and forgivable loans on behalf of the City of St. Louis Community Development Agency under a major federal program. There are no continuing governmental compliance requirements associated with these loans. These outstanding loan balances, by program, at December 31, 2008, were as follows:

	Federal CFDA Number	Outstanding Balance — December 31, 2008
Neighborhood Assistance Program	14.218	\$ 239,831
NAP Revolving Loan	14.218	<u>234,769</u>
Total CFDA #14.218		<u>\$ 474,600</u>
Urban League Home Program — Home 01	14.239	<u>\$ 27,848</u>

* * * * *

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON AN AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Audit and Finance Committee
The Urban League of Metropolitan St. Louis, Inc.:

We have audited the financial statements of The Urban League of Metropolitan St. Louis, Inc. (the "League") as of and for the year ended December 31, 2008, and have issued our report thereon dated May 29, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the League's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the League's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the League's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the League's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting as item 2008-1.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control

that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the League's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Although management's written response to the finding is included in the schedule of findings and questioned costs, such response has not been subjected to the auditing procedures applied in our audit and, accordingly, we do not express an opinion or provide any form of assurance on the appropriateness of the responses or the effectiveness of any corrective actions described therein.

This report is intended solely for the information and use of the Audit and Finance Committee, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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May 29, 2009

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Audit and Finance Committee
The Urban League of Metropolitan St. Louis, Inc.:

Compliance

We have audited the compliance of The Urban League of Metropolitan St. Louis, Inc. (the "League") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The League's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grant agreements applicable to each of its major federal programs is the responsibility of the League's management. Our responsibility is to express an opinion on the League's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the League's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the League's compliance with those requirements.

In our opinion, the League complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the League is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grant agreements applicable to federal programs. In planning and performing our audit, we considered the League's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely effects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Audit and Finance Committee, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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May 29, 2009

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2008

PART I — SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued — unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes N/A

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes N/A

Type of auditors' report issued on compliance for major programs — unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510(a))? yes no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.600	Head Start
17.207	Jobs for Missouri Graduates
21.000	Foreclosure Mitigation

Dollar threshold used to distinguish between Type A and Type B programs — \$300,000

Auditee qualified as a low-risk auditee? yes no

PART II — FINANCIAL STATEMENT FINDING SECTION

2008-1

Condition — The cash flow statement for the year ended December 31, 2007, improperly classified cash received from the United Way as a financing activity rather than as an operating activity.

Criteria or Specific Requirement — In accordance with Financial Accounting Standards Board Statement No. 95, *Statement of Cash Flows*, only receipts from contributions and investment income that by donor stipulation are restricted for the purposes of acquiring, constructing, or improving property, plant, equipment, or other long-lived assets or establishing or increasing a permanent endowment or term endowment are to be classified as financing activities.

Effect — Within the 2007 cash flow statement, cash from financing activities was overstated and cash from operating activities was understated by \$1,267,683. This reclassification had no impact on the financial condition, operations, or the cash position of the League.

Cause — Management was unaware of this particular specific cash flow reporting requirement. Accounting staff are primarily occupied with federal reporting, internal financial management, and daily processing.

Questioned Costs — None.

Context — The cash flow statement for the year ended December 31, 2007, was reclassified to report net cash used in operating activities of \$251,506 and net cash flows from financing activities of \$28,083 instead of previously reported net cash used in operating activities of \$1,519,189 and net cash flows from financing activities of \$1,295,766.

Recommendation — Management should designate the review of new accounting pronouncements and financial reporting to a job position.

Management's Corrective Action Plan (Unaudited) — The finding of an incorrect classification has been resolved with the restatement of the cash flow statement. In addition, with revenue generated by contract growth, the League has added a financial analyst position that will have the responsibility of ongoing review of changes in the technical aspects of accounting regulations.

PART III — FEDERAL AWARDS FINDINGS AND QUESTIONED COST SECTION

None.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2008**

None.