

THE URBAN LEAGUE OF PHILADELPHIA

**Financial Statements
For the Years Ended June 30, 2010 and 2009
With Report of Independent Auditors**

THE URBAN LEAGUE OF PHILADELPHIA
June 30, 2010 and 2009

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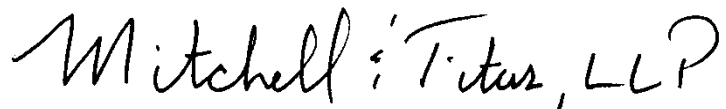
REPORT OF INDEPENDENT AUDITORS

The Board of Directors
The Urban League of Philadelphia

We have audited the accompanying statement of financial position of the Urban League of Philadelphia (the League) as of June 30, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the League's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the League's internal control over financial reporting. Our audits included 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 and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the League as of June 30, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



January 12, 2011

THE URBAN LEAGUE OF PHILADELPHIA

Statements of Financial Position

As of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	\$ 237,610	\$ 364,681
Cash—restricted	4,231,896	2,369,839
Contributions receivable, net	179,346	133,349
Grants and fees receivable, net	293,703	2,007,183
Security deposits	29,372	30,038
Other assets	114,565	120,027
	<hr/>	<hr/>
Total current assets	5,086,492	5,025,117
Property and equipment, net of accumulated depreciation and amortization of \$81,932 and \$68,933 for 2010 and 2009, respectively	<hr/>	<hr/>
	28,347	12,673
	<hr/>	<hr/>
Total assets	<u>\$ 5,114,839</u>	<u>\$ 5,037,790</u>
LIABILITIES AND NET ASSETS		
<i>Current liabilities</i>		
Accounts payable	133,318	77,107
Accrued expenses	340,183	503,705
Due to others	4,118,192	3,780,940
Tenant escrow deposits	511	511
Deferred revenue and other liabilities	88,094	58,538
	<hr/>	<hr/>
Total liabilities	4,680,298	4,420,801
<i>Net assets</i>		
Unrestricted	243,644	452,759
Temporarily restricted	190,897	164,230
	<hr/>	<hr/>
Total net assets	434,541	616,989
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 5,114,839</u>	<u>\$ 5,037,790</u>

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

THE URBAN LEAGUE OF PHILADELPHIA

Statement of Activities

For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE			
Grants and fees	\$ 43,797,105	\$ 103,500	\$ 43,900,605
Contributions	283,844	-	283,844
Special events	707,816	-	707,816
Interest income	895	-	895
Other revenue	20,754	-	20,754
Membership dues	31,351	-	31,351
<i>Net assets released from restriction</i>			
Expiration of restriction	76,833	(76,833)	-
Total public support and revenue	<u>44,918,598</u>	<u>26,667</u>	<u>44,945,265</u>
EXPENSES			
Advocacy and policy	94,647	-	94,647
Business and talent diversity	417,201	-	417,201
Community and economic development	43,696,859	-	43,696,859
Support services	919,006	-	919,006
Total expenses	<u>45,127,713</u>	<u>-</u>	<u>45,127,713</u>
Changes in net assets	(209,115)	26,667	(182,448)
Net assets, beginning of year	<u>452,759</u>	<u>164,230</u>	<u>616,989</u>
Net assets, end of year	<u><u>\$ 243,644</u></u>	<u><u>\$ 190,897</u></u>	<u><u>\$ 434,541</u></u>

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

THE URBAN LEAGUE OF PHILADELPHIA

Statement of Activities

For the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE				
Grants and fees	\$ 47,625,078	\$ 114,167	\$ -	\$ 47,739,245
Contributions	264,050	-	-	264,050
Special events	757,351	-	-	757,351
Interest income	3,016	-	-	3,016
Other revenue	9,099	-	-	9,099
Membership dues	25,441	-	-	25,441
Net assets released from restriction:				
Expiration of restriction	255,333	(220,333)	(35,000)	-
Total public support and revenue	<u>48,939,368</u>	<u>(106,166)</u>	<u>(35,000)</u>	<u>48,798,202</u>
EXPENSES				
Advocacy and policy	119,303	-	-	119,303
Business and talent diversity	295,457	-	-	295,457
Community and economic development	47,476,934	-	-	47,476,934
Support services	1,071,768	-	-	1,071,768
Total expenses	<u>48,963,462</u>	<u>-</u>	<u>-</u>	<u>48,963,462</u>
Changes in net assets	(24,094)	(106,166)	(35,000)	(165,260)
Net assets, beginning of year	<u>476,853</u>	<u>270,396</u>	<u>35,000</u>	<u>782,249</u>
Net assets, end of year	<u><u>\$ 452,759</u></u>	<u><u>\$ 164,230</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 616,989</u></u>

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

THE URBAN LEAGUE OF PHILADELPHIA

Statements of Cash Flows

For the Years Ended June 30, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (182,448)	\$ (165,260)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation and amortization	12,998	8,070
<i>Changes in operating assets and liabilities</i>		
(Increase) decrease in contributions receivable, net	(45,997)	118,693
Decrease in grants and fees receivable, net	1,713,480	2,227,981
Decrease (increase) in security deposits	666	(6,894)
Decrease (increase) in other assets	5,462	(56,490)
Increase (decrease) in accounts payable	56,211	(1,887)
(Decrease) increase in accrued expenses	(163,522)	65,250
Increase (decrease) in due to others	337,252	(153,862)
(Decrease) in tenant escrow deposits	-	(6,822)
Increase (decrease) in deferred revenue and other liabilities	29,556	(2,921)
Total adjustments	<u>1,946,106</u>	<u>2,191,118</u>
Net cash provided by operating activities	1,763,658	2,025,858
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant, and equipment	(28,672)	-
Net increase in cash and cash equivalents	1,734,986	2,025,858
Cash and cash equivalents, beginning of year	2,734,520	708,662
Cash and cash equivalents, end of year	\$ 4,469,506	\$ 2,734,520
SUPPLEMENTAL INFORMATION		
Interest paid	\$ 69,399	\$ 1,856

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

THE URBAN LEAGUE OF PHILADELPHIA

Statement of Functional Expenses

For the Year Ended June 30, 2010

	Program Services			Support Services			2010	
	Advocacy and Policy	Business and Talent Diversity	Community and Economic Development	Total Program Services	Fund Development	Management Services	Total Support Services	Total Expenses
Salaries	\$ -	\$ 158,708	\$ 2,202,216	\$ 2,360,924	\$ 121,533	\$ 462,353	\$ 583,886	\$ 2,944,810
Benefits and taxes	-	56,482	712,406	768,888	25,591	102,847	128,438	897,326
Professional services	47,600	122,617	39,675,438	39,845,655	107,358	63,846	171,204	40,016,859
Meals, travel, and meetings	13,061	3,157	6,244	22,462	3,450	19,183	22,633	45,095
Special events	14,703	-	188	14,891	149,388	1,633	151,021	165,912
Office expense	2,498	11,975	103,343	117,816	23,026	20,850	43,876	161,692
Equipment	-	-	86,707	86,707	-	42,046	42,046	128,753
Advertising	-	-	-	-	12,600	2,164	14,764	14,764
Occupancy	-	14,658	286,103	300,761	-	104,806	104,806	405,567
Utilities	240	2,712	52,384	55,336	295	20,651	20,946	76,282
Insurance	-	-	37,794	37,794	400	13,008	13,408	51,202
Interest expense	-	-	69,399	69,399	-	-	-	69,399
Scholarships	3,000	-	56,500	59,500	-	-	-	59,500
Other expenses	13,190	16,733	11,278	41,201	15,349	21,004	36,353	77,554
Indirect administrative costs	355	30,159	396,859	427,373	-	(427,373)	(427,373)	-
Total expenses before depreciation and amortization	94,647	417,201	43,696,859	44,208,707	458,990	447,018	906,008	45,114,715
Depreciation and amortization	-	-	-	-	-	12,998	12,998	12,998
Total	<u>\$ 94,647</u>	<u>\$ 417,201</u>	<u>\$ 43,696,859</u>	<u>\$ 44,208,707</u>	<u>\$ 458,990</u>	<u>\$ 460,016</u>	<u>\$ 919,006</u>	<u>\$ 45,127,713</u>

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

THE URBAN LEAGUE OF PHILADELPHIA

Statement of Functional Expenses

For the Year Ended June 30, 2009

	Program Services				Support Services			2010
	Advocacy and Policy	Business and Talent Diversity	Community and Economic Development	Total Program Services	Fund Development	Management Services	Total Support Services	Total Expenses
Salaries	\$ 39,708	\$ 132,786	\$ 1,985,852	\$ 2,158,346	\$ 154,172	\$ 464,665	\$ 618,837	\$ 2,777,183
Benefits and taxes	9,128	45,596	672,710	727,434	29,512	160,337	189,849	917,283
Professional services	41,533	45,734	43,830,739	43,918,006	84,131	103,596	187,727	44,105,733
Meals, travel, and meetings	15,497	4,019	7,501	27,017	3,420	24,446	27,866	54,883
Special events	10,590	20,200	4,982	35,772	138,411	3,602	142,013	177,785
Office expense	10,185	12,135	117,395	139,715	35,782	18,160	53,942	193,657
Equipment	-	-	78,434	78,434	574	30,418	30,992	109,426
Advertising	-	-	-	-	75,796	475	76,271	76,271
Occupancy	-	12,814	248,121	260,935	-	81,401	81,401	342,336
Utilities	136	1,746	51,132	53,014	334	17,864	18,198	71,212
Insurance	-	-	30,021	30,021	400	11,676	12,076	42,097
Interest expense	-	-	-	-	-	1,856	1,856	1,856
Scholarships	2,000	-	24,250	26,250	-	-	-	26,250
Other expenses	(10,036)	(1,936)	13,330	1,358	8,572	49,490	58,062	59,420
Indirect administrative costs	562	22,363	412,467	435,392	-	(435,392)	(435,392)	-
Total expenses before depreciation and amortization	119,303	295,457	47,476,934	47,891,694	531,104	532,594	1,063,698	48,955,392
Depreciation and amortization	-	-	-	-	-	8,070	8,070	8,070
Total	<u>\$ 119,303</u>	<u>\$ 295,457</u>	<u>\$ 47,476,934</u>	<u>\$ 47,891,694</u>	<u>\$ 531,104</u>	<u>\$ 540,664</u>	<u>\$ 1,071,768</u>	<u>\$ 48,963,462</u>

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

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 1 **BACKGROUND**

Organization

The Urban League of Philadelphia, Inc. (the League) is a non-partisan, non-profit, community service organization using the tools and methods of social work, economics, law, and other disciplines to secure equal opportunity in all sectors of society for African-Americans and other minorities.

Description of Programs

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

The Urban League Guild (the Guild) provides a host of volunteers for special engagements and helps to support the League through annual fundraisers. Among many community service projects, the Guild actively supports projects that provide assistance to abused children.

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

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

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

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 1 **BACKGROUND** *(continued)*

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

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

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

The Read and Rise Program is a partnership between Scholastic, Inc. and the National Urban League. The initiative focuses on early childhood literacy and provides guidelines and activities that interested parents, caregivers, teachers, and guardians can use to encourage and motivate their children to enjoy reading.

Youth scholarships are awarded annually to high school seniors and college students to assist in their pursuit of higher education.

The Youth Leadership Forum was developed to identify, recruit, and enroll African American college-bound youth for a leadership program focused on the unique needs, issues, and concerns of aspiring young urban leaders. The program requires participants to attend a series of workshops and seminars with the goal of expanding their educational, social, and leadership development skills. It will also equip them with many of the educational and social tools needed to positively impact their community.

Support Services: Support services include the administrative costs of supporting the League's programs, as well as fundraising costs.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The League prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the U.S. for not-for-profit organizations.

Financial Statement Presentation

The League reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the U.S. (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

For the purpose of the statement of cash flows, the League considers all financial instruments with a maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of amounts held for childcare service providers.

Contributions

Contributions are recognized when the donor makes a promise to the League that is unconditional. All donor-restricted contributions 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.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment

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

Funding for certain furniture, fixtures, and equipment is provided under contract with DPW. Pursuant to policies promulgated by DPW, assets purchased by the League that were reimbursed with DPW funds remain DPW property. Accordingly, expenditures for such items are reflected in the statements of activities rather than being capitalized and depreciated.

Deferred Revenue

Deferred revenues are contributions received for special events that have not yet taken place. In addition, unexpired membership dues are also included in deferred revenue.

Other Assets

Other assets are composed of prepaid expenses and miscellaneous accounts receivable balances.

Income Taxes

The League is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

Net Assets

The League accounts for its net assets in three different categories—based on donor-imposed restrictions, if any as follows:

Unrestricted net assets are those assets that are available for the support of operations and whose use is not externally restricted. Their use may be limited by other factors, such as contract or board designations.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Net Assets *(continued)*

Temporarily restricted net assets are those whose use by the League has been limited by donors for a specific purpose or time period. These assets consist of contributions for which donor-imposed restrictions have not been met.

Permanently restricted net assets consist of permanent endowment funds to be held indefinitely, the income from which is expendable (see Note 9).

Allocation of Administrative Support

The League's management policy is to allocate the indirect expenses of the administrative support to certain programs based on revenues, headcount, or space utilization, depending on the nature of the expense.

New Accounting Pronouncements

On June 30, 2009, the Financial Accounting Standards Board (FASB) released Statement of Financial Accounting Standards (SFAS) No. 168, the *FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles* (ASC). The ASC is now the single source of authoritative U.S. GAAP recognized by the FASB, replacing all previous U.S. GAAP. The ASC does not change U.S. GAAP; however, it significantly changes the way in which the accounting literature is organized. The adoption of SFAS 168 did not have a material impact on the League's financial statements.

The League adopted ASC 740, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for income taxes by prescribing the minimum standard a tax position is required to meet before being recognized in the financial statements. ASC 740 was effective for fiscal years beginning after December 15, 2008. The League has not taken any uncertain tax position that should be accounted for under ASC 740.

Reclassifications

Certain items in the 2009 financial statements have been reclassified to conform to the 2010 financial statement presentation.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be received in less than one year. Contributions receivable as of June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
United Way—Donor Choice, net of allowance for amounts of \$3,155 and \$4,497	\$ 17,287	\$ 9,482
Special events	140,335	115,267
Other	21,724	8,600
Total, net	<u>\$ 179,346</u>	<u>\$ 133,349</u>

NOTE 4 GRANTS AND FEES RECEIVABLE

Grants and fees receivable as of June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Pennsylvania Department of Public Welfare, net of allowance for doubtful amounts of \$0 and \$15,000 in 2010 and 2009, respectively	\$ 29,199	\$ 1,682,407
Pennsylvania Department of Community and Economic Development	-	100,000
Office of Housing and Community Development, City of Philadelphia	8,395	49,252
Homeowners' Emergency Mortgage Assistance Program (HEMAP) and Pennsylvania Housing Finance Authority (PHFA)	8,250	2,625
National Urban League/Department of Housing and Urban Development	6,132	-
National Urban League/Neighborworks	7,328	-
Philadelphia Housing Authority	31,870	-
Grants from corporations	201,644	172,899
Other	885	-
Total	<u>\$ 293,703</u>	<u>\$ 2,007,183</u>

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Furniture, fixtures, and equipment	\$ 93,380	\$ 81,606
Software	16,899	-
<i>Less</i> : accumulated depreciation and amortization	(81,932)	(68,933)
Property and equipment, net	<u>\$ 28,347</u>	<u>\$ 12,673</u>

Depreciation and amortization expense for the years ended June 30, 2010 and 2009 was \$12,998 and \$8,070, respectively.

NOTE 6 DUE TO OTHERS

Due to others as of June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Due to Department of Public Welfare—current year	\$ 509,885	\$ -
Due to Department of Public Welfare—prior years	21,010	23,457
Due to various daycare providers	3,587,297	3,757,483
Total	<u>\$ 4,118,192</u>	<u>\$ 3,780,940</u>

NOTE 7 UNRESTRICTED NET ASSETS

Unrestricted net assets totaled \$243,644 and \$452,759 for June 30, 2010 and 2009, respectively.

THE URBAN LEAGUE OF PHILADELPHIA
Notes to Financial Statements
June 30, 2010 and 2009

NOTE 8 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>2010</u>	<u>2009</u>
Scholarship funds	\$ 41,063	\$ 50,063
Other grants	<u>149,834</u>	<u>114,167</u>
Total	<u>\$ 190,897</u>	<u>\$ 164,230</u>

Temporarily restricted net assets that were released from restrictions during the year consisted of releases for program-related services and scholarships.

NOTE 9 PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets were funds donated to the League by individuals or foundations, in which the principal is invested in perpetuity and the interest earned is expendable for the programs of the League. During 2009, the League received directions from its funder that amounts previously reported as permanently restricted contributions were not intended to carry any permanent restrictions. Accordingly, at June 30, 2009, these balances were released from permanently restricted net assets. The League currently has no permanently restricted net assets.

NOTE 10 TAX DEFERRED ANNUITY PLAN

In accordance with Internal Revenue Code 403(b), the League sponsors an employer contributory tax deferred annuity plan that covers substantially all employees who have completed 1,000 hours of service. The plan provides for employer discretionary contributions, which are determined on an annual basis. For the years ended June 30, 2010 and 2009, the annual contribution was \$36,214 and \$21,421, respectively, based on 2% of the employees' annual salary.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 11 LEASE COMMITMENTS

Operating Leases

The League currently leases office space in Philadelphia under two operating leases, which expire in June 2012 and June 2014. The rent is payable in monthly installments of \$14,395 and \$15,901, respectively. The League also leases office equipment with monthly lease payments ranging from \$800 to \$1,524, which expire in 2015. The following is a schedule by years of the future minimum rental payments required under the operating leases as of June 30, 2010:

<u>Years Ending June 30</u>	
2011	\$ 457,441
2012	441,013
2013	256,262
2014	224,111
2015	<u>12,734</u>
Total minimum lease payments	<u><u>\$ 1,391,561</u></u>

Rental expense for the years ended June 30, 2010 and 2009 was \$463,223 and \$390,217 respectively.

NOTE 12 GRANTS AND FEES

Grants and fees during the years ended June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Department of Public Welfare	\$ 42,797,833	\$ 46,819,609
Grants from corporations/foundations	718,917	591,964
Office of Housing and Community Development, City of Philadelphia	178,075	149,057
Pennsylvania Department of Community and Economic Development	-	100,000
Homeowners Emergency Mortgage Assistance Program (HEMAP) and PHFA	16,875	9,000
Leadership Tuition	67,600	57,000
Philadelphia Housing Authority	85,530	-
Career Services Fee Income	16,884	6,108
Others	<u>18,891</u>	<u>6,507</u>
Total	<u><u>\$ 43,900,605</u></u>	<u><u>\$ 47,739,245</u></u>

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 13 CONTRIBUTIONS

Contributions during the years ended June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
United Way Allocation and Donor Option	\$ 52,932	\$ 120,443
Scholarships	47,615	11,961
Corporate support	87,304	99,614
Foundations	45,250	-
Others	50,743	32,032
Total	<u>\$ 283,844</u>	<u>\$ 264,050</u>

NOTE 14 SPECIAL EVENTS

Special events during the years ended June 30, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Gala	\$ 569,929	\$ 624,870
Unity Golf Classic	42,180	54,105
Whitney M. Young Luncheon	60,990	49,080
Guild events	29,967	27,300
NExT Philadelphia events	4,750	1,996
Total	<u>\$ 707,816</u>	<u>\$ 757,351</u>

NOTE 15 CONCENTRATION OF CREDIT RISK

As of June 30, 2010 and 2009, the League maintained cash accounts with a bank that exceeded the limit of insurability under the Federal Deposit Insurance Corporation.

Approximately 95% of the League's revenue for the years ended June 30, 2010 and 2009 are provided by one grantor.

THE URBAN LEAGUE OF PHILADELPHIA

Notes to Financial Statements

June 30, 2010 and 2009

NOTE 16 CONTRIBUTED SERVICES

For the years ended June 30, 2010 and 2009, the League recognized \$101,209 and \$145,821 in in-kind contributions, respectively. In-kind contributions are received in connection with fundraising events and legal fees.

NOTE 17 LINE OF CREDIT

In August 2009, the League increased its line of credit from \$3 million to \$9 million in order to remain in compliance with its CCIS contract (funded by Pennsylvania's Department of Public Welfare) while the Pennsylvania state budget was pending approval. The terms of the line of credit agreement provided for an interest rate at PRIME (3.25% at June 30, 2010) plus 0.75% on outstanding balances. The League drew up to \$8 million on its line of credit from July 2009 – October 2009. In October 2009, Pennsylvania's state budget was approved and the League subsequently paid off the entire outstanding balance and the line of credit was returned to its original amount of \$3,000,000. The line of credit matures on January 31, 2011 and is collateralized by all accounts receivable balances. At June 30, 2010 and 2009, there were no outstanding balances on the line of credit.

NOTE 18 SUBSEQUENT EVENTS

No significant subsequent events were noted after June 30, 2010, through January 12, 2011, the date on which the financial statements were available for issuance.