

THE URBAN LEAGUE OF PHILADELPHIA

**Consolidated Financial Statements
For the Years Ended June 30, 2023 and 2022
With Reporting Requirements for Uniform Guidance
And Supplemental Information**

HORSEYBUCKNER & HEFFLER

Accountants & Advisors

THE URBAN LEAGUE OF PHILADELPHIA
 Consolidated Financial Statements
 For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of The Urban League of Philadelphia

Opinion

We have audited the accompanying consolidated financial statements of The Urban League of Philadelphia (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Urban League of Philadelphia as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of The Urban League of Philadelphia and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Urban League of Philadelphia's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Urban League of Philadelphia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Urban League of Philadelphia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise The Urban League of Philadelphia's basic consolidated financial statements. The accompanying schedule of expenditures of federal, state and city awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic consolidated financial statements. The accompanying City of Philadelphia, Division of Housing Community Development ("DHDC") and Department of Commerce schedules of source and status of funds, schedules of program expenditures, schedules of program income and reconciliation schedules shown on pages 27 - 34 are presented for the purpose of additional analysis as required by the *City of Philadelphia Subrecipient Audit Guide* and are also not a required part of the consolidated financial statements. The above-described supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the above-described information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards* and the *City of Philadelphia Subrecipient Audit Guide*, we have also issued our report dated March 25, 2024, on our consideration of The Urban League of Philadelphia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of The Urban League of Philadelphia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *City of Philadelphia Subrecipient Audit Guide*, in considering The Urban League of Philadelphia's internal control over financial reporting and compliance.

Horsey, Buckner & Heffler, LLP

March 25, 2024

THE URBAN LEAGUE OF PHILADELPHIA

Consolidated Statements of Financial Position
As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
<i>Current assets</i>		
Cash	\$ 4,638,605	\$ 6,298,338
Restricted Cash	212,271	260,290
Contributions receivable, net of allowance for doubtful accounts of \$3,178 in 2023 and 2022	-	5,327
Grants receivable	415,547	1,197,458
Other receivable	23,500	56,650
Investments	5,591,693	-
Prepaid expense and other assets	36,938	101,207
Total current assets	<u>10,918,554</u>	<u>7,919,270</u>
Security deposits	83,183	9,640
Property and equipment, net of accumulated depreciation	<u>47,549</u>	<u>3,019</u>
Total assets	<u><u>\$ 11,049,286</u></u>	<u><u>\$ 7,931,929</u></u>
LIABILITIES		
<i>Current liabilities</i>		
Accrued expenses	\$ 192,174	\$ 157,615
Deferred Income-Special Events	-	52,500
Other Payables	2,466	-
Refundable advance	1,866,496	2,026,747
Total liabilities	<u>2,061,136</u>	<u>2,236,862</u>
COMMITMENTS		
NET ASSETS		
Without donor restrictions	7,694,286	4,660,955
With donor restrictions	<u>1,293,864</u>	<u>1,034,112</u>
Total net assets	<u>8,988,150</u>	<u>5,695,067</u>
Total liabilities and net assets	<u><u>\$ 11,049,286</u></u>	<u><u>\$ 7,931,929</u></u>

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

THE URBAN LEAGUE OF PHILADELPHIA
Consolidated Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2023 and 2022

	2023			2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Grants	\$ 5,604,701	\$ 668,800	\$ 6,273,501	\$ 3,234,614	\$ 188,822	\$ 3,423,436
Contributions	4,344,469	212,271	4,556,740	1,829,054	150,290	1,979,344
Special events, net of cost of direct benefit to donors of \$149,908 in 2023 and \$141,214 in 2022	393,625	-	393,625	445,695	-	445,695
Interest income	496	-	496	185	-	185
Other revenue	157,660	-	157,660	52,554	-	52,554
	10,500,951	881,071	11,382,022	5,562,102	339,112	5,901,214
Net assets released from restrictions	621,319	(621,319)	-	583,573	(583,573)	-
Total public support and revenue	11,122,270	259,752	11,382,022	6,145,675	(244,461)	5,901,214
EXPENSES						
<i>Program services</i>						
Advocacy and policy	1,437,001	-	1,437,001	1,671,872	-	1,671,872
Business and talent diversity	1,339,765	-	1,339,765	1,507,727	-	1,507,727
Community and economic development	4,264,316	-	4,264,316	1,350,232	-	1,350,232
Support services	1,047,857	-	1,047,857	601,853	-	601,853
Total expenses	8,088,939	-	8,088,939	5,131,684	-	5,131,684
Change in net assets	3,033,331	259,752	3,293,083	1,013,991	(244,461)	769,530
Net assets, at beginning of year	4,660,955	1,034,112	5,695,067	3,646,964	1,278,573	4,925,537
Net assets, at end of year	\$ 7,694,286	\$ 1,293,864	\$ 8,988,150	\$ 4,660,955	\$ 1,034,112	\$ 5,695,067

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

THE URBAN LEAGUE OF PHILADELPHIA
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Program Services</u>				<u>Support Services</u>				
	<u>Advocacy</u>	<u>Business</u>	<u>Community</u>	<u>Total</u>	<u>Fund</u>	<u>Management</u>	<u>Total</u>	<u>Total</u>	
		<u>And</u>	<u>and</u>						<u>Program</u>
		<u>Talent</u>	<u>Economic</u>						
<u>Policy</u>	<u>Diversity</u>	<u>Development</u>	<u>Services</u>	<u>Development</u>	<u>Services</u>	<u>Services</u>	<u>Expenses</u>		
Salaries	\$ 352,378	\$ 250,435	\$ 709,115	\$ 1,311,928	\$ -	\$ 238,834	\$ 238,834	\$ 1,550,762	
Benefits and taxes	52,273	79,128	153,096	284,497	-	58,966	58,966	343,463	
Professional services	540,379	580,820	281,751	1,402,950	-	758,939	758,939	2,161,889	
Meals, travel and meetings	18,386	9,061	5,922	33,369	-	47,021	47,021	80,390	
Special Events	70,819	9,580	74,297	154,696	-	2,589	2,589	157,285	
Office	-	38	9,888	9,926	-	10,124	10,124	20,050	
Expendable equipment	16,078	36,495	27,963	80,536	-	47,045	47,045	127,581	
Dues and memberships	11,475	-	-	11,475	-	2,121	2,121	13,596	
Advertising	-	207	-	207	-	3,132	3,132	3,339	
Occupancy	32,007	30,745	81,618	144,370	-	49,323	49,323	193,693	
Utilities	153	747	1,994	2,894	-	33,018	33,018	35,912	
Insurance	-	-	-	-	-	17,632	17,632	17,632	
Bank and payroll fees	541	1,348	378	2,267	-	24,121	24,121	26,388	
Interest Expense	-	-	-	-	-	97	97	97	
Scholarships	128,300	-	1,250.00	129,550	-	-	-	129,550	
Administrative Allocation	103,848	97,134	230,089	431,071	-	(411,070)	(411,070)	20,001	
Grants Made	-	-	1,446,500	1,446,500	-	-	-	1,446,500	
Other Expenses	110,364	242,681	1,240,455	1,593,500	-	117,163	117,163	1,710,663	
Total expenses before depreciation	1,437,001	1,338,419	4,264,316	7,039,736	-	999,055	999,055	8,038,791	
Depreciation	-	1,346	-	1,346	-	48,802	48,802	50,148	
Total expenses included in expenses section on the consolidated statement of activities and changes in net assets	1,437,001	1,339,765	4,264,316	7,041,082	-	1,047,857	1,047,857	8,088,939	
<i>Plus expenses included with revenue on the consolidated statement of activities and changes in net assets</i>									
Special events - cost of direct benefit to donors									
Food and beverages	-	-	-	-	115,710	-	115,710	115,710	
Consultant-Event Planner	-	-	-	-	21,680	-	21,680	21,680	
Awards	-	-	-	-	851	-	851	851	
Other	-	-	-	-	11,667	-	11,667	11,667	
	-	-	-	-	149,908	-	149,908	149,908	
Total expenses	\$ 1,437,001	\$ 1,339,765	\$ 4,264,316	\$ 7,041,082	\$ 149,908	\$ 1,047,857	\$ 1,197,765	\$ 8,238,847	

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

THE URBAN LEAGUE OF PHILADELPHIA
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Program Services</u>				<u>Support Services</u>						
	<u>Advocacy</u>	<u>Business</u>	<u>Community</u>	<u>Total</u>	<u>Fund</u>	<u>Management</u>	<u>Total</u>	<u>Total</u>			
		<u>and</u>	<u>and</u>						<u>Program</u>	<u>Support</u>	<u>Total</u>
		<u>Talent</u>	<u>Economic</u>								
<u>Policy</u>	<u>Diversity</u>	<u>Development</u>	<u>Services</u>	<u>Development</u>	<u>Services</u>	<u>Services</u>	<u>Expenses</u>				
Salaries	\$ 408,040	\$ 348,976	\$ 573,412	\$ 1,330,428	\$ -	\$ 283,659	\$ 283,659	\$ 1,614,087			
Benefits and taxes	76,006	79,527	137,671	293,204	-	54,987	54,987	348,191			
Professional services	654,939	380,594	156,869	1,192,402	-	212,408	212,408	1,404,810			
Meals, travel and meetings	13,290	13,818	491	27,599	-	6,283	6,283	33,882			
Special Events	28,343	-	16,720	45,062	-	3,283	3,283	48,345			
Office	186	5,008	1,231	6,425	-	13,775	13,775	20,200			
Expendable equipment	23,990	16,375	3,361	43,726	-	49,858	49,858	93,584			
Dues and memberships	300	-	-	300	-	6,688	6,688	6,988			
Advertising	67	-	-	67	-	1,218	1,218	1,285			
Occupancy	27,206	31,932	54,486	113,624	-	63,675	63,675	177,299			
Utilities	439	703	1,055	2,197	-	24,889	24,889	27,087			
Insurance	1,714	-	-	1,714	-	33,662	33,662	35,376			
Bank and payroll fees	1,248	378	947	2,573	-	20,491	20,491	23,064			
Interest Expense	-	-	-	-	-	(6)	(6)	(6)			
Scholarships	111,517	-	-	111,517	-	-	-	111,517			
Administrative Allocation	65,932	38,666	82,616	187,215	-	(187,215)	(187,215)	-			
Other Expenses	258,655	589,730	321,373	1,169,758	-	14,198	14,198	1,183,956			
Total expenses before depreciation	1,671,872	1,505,707	1,350,232	4,527,811	-	601,853	601,853	5,129,664			
Depreciation	-	2,020	-	2,020	-	-	-	2,020			
Total expenses included in expenses section on the consolidated statement of activities and changes in net assets	1,671,872	1,507,727	1,350,232	4,529,831	-	601,853	601,853	5,131,684			
<i>Plus expenses included with revenue on the consolidated statement of activities and changes in net assets</i>											
Special events - cost of direct benefit to donors											
Rent and facility costs	-	-	-	-	113,274	-	113,274	113,274			
Other	-	-	-	-	27,940	-	27,940	27,940			
	-	-	-	-	141,214	-	141,214	141,214			
Total expenses	\$ 1,671,872	\$ 1,507,727	\$ 1,350,232	\$ 4,529,830	\$ 141,214	\$ 601,853	\$ 743,067	\$ 5,272,897			

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

The Urban League of Philadelphia
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 3,293,083	\$ 769,530
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	50,148	2,020
Unrealized (Gain) on Investment	(94,678)	-
<i>Change in assets and liabilities</i>		
Contributions receivable	5,327	11,314
Grants receivable	781,912	(81,067)
Other receivable	33,150	(56,650)
Other payable	2,466	-
Prepaid expense and other assets	64,269	(56,383)
Security deposits	(73,544)	-
Accrued expenses	34,559	(28,386)
Deferred income	(52,500)	(6,000)
Refundable advance	(160,251)	1,959,247
Net cash provided by operating activities	<u>3,883,941</u>	<u>2,513,625</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investment	<u>(5,591,693)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(5,591,693)</u>	<u>-</u>
Net (decrease)/ increase in cash	(1,707,752)	2,513,625
Cash, beginning of year	<u>6,558,628</u>	<u>4,045,003</u>
Cash, end of year	<u>\$ 4,850,876</u>	<u>\$ 6,558,628</u>

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

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

NOTE 1 ORGANIZATION AND DESCRIPTION OF PROGRAMS

Organization

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

Effective March 2, 2021, the League entered into a partnership with ULP Community Impact Financing LLC (the Company). The purpose of this agreement is to assist in providing housing and small business loans to African Americans and other people of color. The management of the League has determined that consolidation of the Company is required since the League exhibits a controlling financial interest in the Company based on the League having a 100% ownership in the Company.

Description of Programs

Advocacy and Policy

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

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

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

Business and Talent Diversity

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

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

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

NOTE 1 ORGANIZATION AND DESCRIPTION OF PROGRAMS *(continued)*

Community and Economic Development

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation & Basis of Presentation

The accompanying consolidated financial statements have been prepared using the accrual basis of accounting. The consolidated financial statements are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of the League and the Company (collectively, the Organization). All significant intercompany accounts, transactions, and balances are eliminated in the consolidation process. For the years ended June 30, 2023 and 2022 there were no transactions that were subject to elimination in the consolidation process.

Classification of Net Assets

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Net Assets with Donor Restrictions - Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are met with the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that certain resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's presentation.

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

Revenue Recognition – Contributions

Funding for the Organization's activities is achieved almost entirely through government funding, foundation, corporate and other support, contributions, and in-kind contributions, including unconditional promises to give. These donations provide funding to be used to support the mission of the Organization. As the donors are not receiving a benefit as a result of these transactions, the donations are considered to be contributions to the Organization. Some contributions require that funds be expended for a specific purpose and are considered to be net assets with donor restrictions.

The Organization recognizes unconditional contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. As of June 30, 2023 and 2022, there were conditional contributions of \$1,866,496 and \$2,026,747, respectively, which are included in refundable advances on the consolidated statements of financial position.

Special events revenue is bifurcated into an exchange transaction component and a contribution component. The exchange transaction component is considered to be the fair value of benefits received by an attendee. The transaction price is the fair value that is estimated by management for each event based on an analysis of the benefits received by the attendee. The contribution component is considered to be the amount over and above the fair value for which the attendee does not receive commensurate value. Revenue is recognized at the point in time when the event takes place as that is when the Organization's sole obligation to perform is satisfied and when the barriers are overcome. Payments for special events are generally required to be made when registration for the event occurs or sponsorships are made. All special events revenue is included under public support revenue as management has determined that the split between fair value and contribution is not material. As of June 30, 2022, there were conditional contributions associated with special events of \$52,500. As of June 30, 2023 there were no special events conditional contributions.

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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

Revenue Recognition – Contributions *(continued)*

A portion of the grants the Organization receives are cost reimbursement government grants. These grants provide funding to be used for purposes indicated in the grant agreements. As the government is not receiving a benefit as a result of these transactions, the grants are considered to be contributions to the Organization. The grant agreements contain specific service requirements. As these stipulations create a barrier that must be achieved, and any amounts not expended must be returned, government grants are considered to be conditional contributions until such time as the barriers are overcome. Contributions from these grant agreements are, therefore, recognized as revenue when costs are incurred and specific service requirements are met, as required by the agreements. Until the financial information required by the funding sources is accepted, costs billed for program services under cost reimbursement contracts are subject to review and possible disallowance. In management's opinion, the potential for material disallowances is remote and, therefore, is not a barrier that would prevent the recognition of revenue. The Organization received no funds in advance of service requirements being met as of either June 30, 2023 or 2022. There were no conditional amounts recognized on government grants in progress as of June 30, 2023 and 2022.

Restricted Cash

Restricted cash totaling \$212,271 and \$260,290 as of June 30, 2023 and 2022, respectively, is limited in use and was held in separate bank accounts for ULP Community Impact Financing LLC operations and scholarships accordingly.

Allowance for Doubtful Accounts

The Organization evaluates its receivables for contributions and grants and fees on a periodic basis to determine collectability. Bad debts are provided for on the allowance method based on history of past write-offs and collections. Accounts are written off when they are deemed uncollectable. As of both June 30, 2023 and 2022, the Organization had an allowance for doubtful accounts of \$3,178 related to contributions receivable.

Property and Equipment

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

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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

Property and Equipment *(continued)*

The Organization will record impairment losses on long-lived assets when events and circumstances indicate that the assets are less than the carrying amounts. There was no impairment loss recognized for the years ended June 30, 2023 and 2022.

Deferred Income

Deferred income consists of income received for special events that have not yet taken place.

Refundable Advance

Refundable advance consists of advances received for grants that have not yet been earned in accordance with the grant agreement.

Federal Tax Status

The Internal Revenue Service has classified the League as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and is not considered to be a private foundation as defined in Section 509(a) of the Code. The consolidated entity, ULP Community Impact Financing LLC, is a for-profit entity that is subject to income taxes. Total federal and state income tax expense from the consolidated entity was \$-0- for each of the years ended June 30, 2023 and 2022. Therefore, no provision for income taxes has been included in these consolidated financial statements.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if the Organization has taken an uncertain tax position that more-likely-than-not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. Should the tax-exempt status or any tax filing matter be challenged in the future, the Organization's last three tax years are open for examination by the IRS.

The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for either of the years ended June 30, 2023 or 2022.

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

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

Functional Allocation of Expense

Directly identifiable expenses are charged to program services and support services. The policy of the Organization's management is to allocate the indirect expenses of administrative support to certain programs based on revenue, headcount, or space utilization, depending on the nature of the expense.

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

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following as of June 30, 2023 and 2022:

	2023	2022
<i>Current financial assets</i>		
Cash	\$ 4,638,605	\$ 6,298,338
Contributions receivable	-	5,327
Other receivable	23,500	56,650
Grants receivable	415,547	1,197,458
Investments	5,591,693	-
	\$ 10,669,345	\$ 7,557,773

General expenditures include program services expenses and supporting services expenses expected to be paid in the subsequent year. As part of the Organization's liquidity management plan, the Organization structures its financial assets to be available as general expenditures, liabilities and other obligations come due.

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be received in less than one year. Contributions receivable as of June 30, 2023 and 2022 consisted of the following:

	2023	2022
United Way Donor Option, net of allowance for doubtful accounts of \$3,718 in both 2023 and 2022	\$ -	\$ 5,327
	\$ -	\$ 5,327

NOTE 5 GRANTS RECEIVABLE

Grants receivable as of June 30, 2023 and 2022 consisted of the following:

	2023	2022
DCED Ready to work sponsored by Senator Hughes Division of Housing and Community Development, City of Philadelphia	\$ -	\$ 125,000
National Urban League/DOL	64,218	188,481
National Urban League/ULEC	63,391	-
National Urban League/ULEC	117,160	90,000
National Urban League/HUD	48,876	-
United Way		12,500
The City of Philadelphia/BTAP	27,776	18,621
Cheyney University - PA Dept of Education	67,329	65,500
Aramark	-	286,645
William Penn Foundation	-	350,000
Neighborworks-Housing Counseling	-	14,000
CEG-Community Expansion-Gun Violence program	1,292	26,711
State grant GV	25,505	-
Forum	-	20,000
	\$ 415,547	\$ 1,197,458

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Furniture, fixtures and equipment	\$ 30,705	\$ 87,439
Software	-	19,284
Construction in progress	25,563	-
	<u>56,268</u>	<u>106,723</u>
Less: Accumulated depreciation	8,719	103,704
	<u>\$ 47,549</u>	<u>\$ 3,019</u>

Depreciation for the years ended June 30, 2023 and 2022 was \$50,148 and \$2,020, respectively. The Organization recognized disposals of 103,704 during the 2023 fiscal year.

Construction in progress consists of costs incurred renovating a building associated with the HUD A Home for Returning Citizens program, which was not completed nor placed in service at June 30, 2023.

NOTE 7 REFUNDABLE ADVANCE

Refundable advance as of June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Grants	\$ 1,689,996	\$ 2,026,747
Special events	176,500	-
	<u>\$ 1,866,496</u>	<u>\$ 2,026,747</u>

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or period as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<i>Subject to expenditures for specified purposes</i>		
Scholarships	\$ 212,271	\$ 150,290
Urban Tech programs	-	70,022
PECO (For Years 25/26)	230,000	-
William Penn youth camp	118,800	118,800
Commonwealth of PA-for voting	200,000	-
Other	182,793	-
Education advocacy	350,000	345,000
	<u>1,293,864</u>	<u>684,112</u>
<i>Promises to give, the proceeds of which have been restricted by donor for</i>		
Education advocacy	-	350,000
	<u>\$ 1,293,864</u>	<u>\$ 1,034,112</u>

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS *(continued)*

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
<i>Satisfaction of purpose restrictions</i>		
Scholarships	\$ 87,497	\$ 81,821
Urban Tech programs	70,022	43,282
Education advocacy	345,000	308,470
Outreach, education and support through BlackHome PHL	-	150,000
William Penn youth camp	118,800	-
	\$ 621,319	\$ 583,573

NOTE 9 TAX-DEFERRED ANNUITY PLAN

In accordance with Internal Revenue Code Section 403(b), the Organization 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, 2023 and 2022, the annual contribution was \$ 10,284 and \$16,717, respectively, based on 2% of the employees' annual salaries.

NOTE 10 LEASE COMMITMENTS - OPERATING LEASES

The Organization leases office space in Philadelphia under an operating lease that expires in May 2024. Rent is payable in monthly installments of \$13,918, in addition to the Organization's share of common area maintenance. See Note 17 for related subsequent event activity.

The Organization also leases office equipment with monthly lease payments of \$1,833; the equipment leases were effective through October 2023.

Approximate minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year as of June 30, 2023 are as follows:

Year Ending June 30,	
2024	\$ 54,648
2025	250,858
2026	293,008
2027	300,304
2028	307,804
2029 - 2034	2,105,366
Total	\$ 3,311,988

Office rent and equipment leasing expense for the years ended June 30, 2023 and 2022 was \$230,489 and \$163,994, respectively.

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

NOTE 11 GRANTS

Grants and fees during the years ended June 30, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Grants from corporations/foundations	\$ 4,104,029	\$ 1,206,137
National Urban League/U.S. Department of Housing and Urban Development	50,000	-
National Urban League/Urban Tech Jobs Program	26,545	30,000
National Urban League/Entrepreneurship and Business Development	346,766	122,210
Office of Neighborhood Economic Development	75,000	75,000
Division of Housing and Community Development, City of Philadelphia	602,500	470,250
CEG-Community Expansion Grant for Gun Violence	-	198,245
Homeowners' Emergency Mortgage Assistance Program and Pennsylvania Housing Finance Agency	-	65,760
Leadership Tuition	279,300	295,000
Cheyney	-	162,100
National Urban League/Equality and Excellence	15,000	-
Commonwealth of Pennsylvania - Pennsylvania Housing Finance Agency/First Time Home Buyers Program	145,267	200,000
PA Vote	200,000	-
City of Philadelphia, Department of Commerce Urban Tech	115,000	178,441
Senator Hughes ready to Work	109,000	125,000
Senator Cephas ready to Work	-	77,178
Neighborworks	95,500	96,000
Other	109,594	122,115
	<u>\$ 6,273,501</u>	<u>\$ 3,423,436</u>

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

NOTE 12 CONTRIBUTIONS

Contributions during the years ended June 30, 2023 and 2022 consisted of the following:

	2023	2022
United Way Allocation	\$ -	\$ 20,000
Scholarships	145,255	176,504
Foundation support	3,650,000	118,800
Memberships	13,884	-
Corporate support	568,256	1,596,084
Other	179,345	67,956
	\$ 4,556,740	\$ 1,979,344

NOTE 13 SPECIAL EVENTS

Special events revenue for the years ended June 30, 2023 and 2022 consisted of the following:

	2023	2022
Empowerment dinner	\$ 382,571	\$ 476,301
Whitney M. Young Luncheon	160,962	110,608
	543,533	586,909
Less: Cost for direct benefit to donors	(149,908)	(141,214)
	\$ 393,625	\$ 445,695

NOTE 14 CONCENTRATIONS OF CREDIT RISK

As of June 30, 2023 and 2022, the Organization maintained cash accounts with a bank that exceeded the limit of insurability under the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on its cash balances.

Grants receivable concentration

Credit risk for grants receivable is concentrated because substantially all of the balances are dependent upon receipts from government entities. Grants receivable are subject to credit risk because the realization of these items is dependent on various economic conditions.

The Urban League of Philadelphia
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

NOTE 15 CONTRIBUTED SERVICES

Contribution of services is recognized by the Organization as both revenue and expense in the accompanying consolidated statements of activities and changes in net assets, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated. For the years ended June 30, 2023 and 2022, the Organization recognized \$15,930 and \$32,000, respectively, of in-kind contributions. In-kind contributions include legal fees for 2023 and legal and consulting fees for 2022, which are included in the management services component of support services on the consolidated statements of activities and changes in net assets. The amount recorded is based on fair value for the services provided and did not have donor-imposed restrictions.

NOTE 16 CONTINGENCIES

From time to time, the Organization is involved in litigation in the course of business. Management has concluded that such litigation will not have a material impact on the consolidated financial statements for the year ended June 30, 2023.

NOTE 17 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 25, 2024, which is the date the consolidated financial statements were available to be issued.

The Organization entered into a new office space lease agreement and a new office equipment lease agreement both effective November 1, 2023. The office lease term is 10 years, and the office equipment lease term is 5 years.

SUPPLEMENTAL INFORMATION

**THE URBAN LEAGUE OF PHILADELPHIA
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Awarded Grant Amount	Expenditures
U.S. Department of Housing and Urban Development Pass-through City of Philadelphia Division of Housing and Community Development					
Community Development Block Grants/Entitlement Grants	14.218	23-20285	7/1/22 - 6/30/23	\$ 605,250	\$ 466,500
Coronavirus Relief Fund	21.019	23-20285	7/1/22 - 6/30/23		70,000
Pass-through City of Philadelphia Department of Commerce Community Development Block Grants/Entitlement Grants	14.218	23-20235	7/1/22 - 6/30/23	75,000	75,000
U.S. Department of Housing and Urban Development (HUD) Pass-through Housing and Community Development Housing Counseling Assistance Program	14.169	NUL	10/1/22 - 6/30/23	50,000	48,876
U.S. Department of Labor Pass-through National Urban League – Pathways 3 Reintegration of Ex-Offenders	17.270	PE-38612-22-60-A-36	7/1/22 - 12/31/25	535,000	73,758
U.S. Department of Education Pass-through Drexel University Fund for the Improvement of Education	84.215N	8300003	9/1/22 - 6/30/23	75,000	75,000
U.S. Department of Treasury Pass-through Commonwealth of Pennsylvania Department of Community and Economic Development Coronavirus State & Local Recovery Funds	21.027	C000082964	6/1/2022 - 8/31/2022	175,000	109,500
Total Federal Awards					918,634

The accompanying notes to the Schedule of Expenditures of Federal, State and City Awards are an integral part of this schedule.

**THE URBAN LEAGUE OF PHILADELPHIA
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

STATE AWARDS

Pennsylvania Housing Finance Agency					
Comprehensive Housing Counseling Initiative (CHCI)	N/A	N/A	01/01/22 - 12/31/22	56,340	56,340
Comprehensive Housing Counseling Initiative (CHCI)	N/A	N/A	01/01/23 - 12/31/23	79,690	79,690
Pennsylvania Housing affordability and Rehabilitation Enhancement ("Phare") fund	N/A	N/A	07/01/22- 06/30/23	125,000	125,000
Emergency Utility	N/A	N/A	N/A	955	955
Total Pennsylvania Housing Finance Agency					<u>261,985</u>
Total State Awards					\$ 261,985

CITY AWARDS

City of Philadelphia					
Division of Housing and Community Development	N/A	2320285	07/01/22 - 06/30/23	605,250	68,750
Dept of Commerce - UTECH programs	N/A	#2021 IWS ULP	07/01/22 - 10/31/22	253,763	115,000
Community Expansion Grant-Anti-Violence (CEG)	N/A	CEG-27	2/1/22 - 1/31/23	385,000	<u>186,760</u>
Total City Awards					370,510
Total Federal, State and City Awards					<u>\$ 1,551,129</u>

The accompanying notes to the Schedule of Expenditures of Federal, State and City Awards are an integral part of this schedule.

**THE URBAN LEAGUE OF PHILADELPHIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND CITY AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal, state and city awards (the Schedule) includes federal award activity of The Urban League of Philadelphia under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule only presents a selected portion of the operations of The Urban League of Philadelphia and is not intended to and does not present the financial position or changes in the financial position of The Urban League of Philadelphia.

NOTE 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported in accordance with the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – Indirect Cost Rate

The Urban League of Philadelphia has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
The Urban League of Philadelphia

We have audited, in accordance with the 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, the consolidated financial statements of The Urban League of Philadelphia (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Urban League of Philadelphia’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Urban League of Philadelphia’s internal control. Accordingly, we do not express an opinion on the effectiveness of The Urban League of Philadelphia’s internal control.

A *deficiency in internal control* 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 and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Urban League of Philadelphia’s consolidated financial statements are free from 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 consolidated financial statements. 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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Horsey, Buckner & Heffler, LLP

March 25, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND THE CITY OF PHILADELPHIA SUBRECIPIENT AUDIT GUIDE**

To the Board of Directors of
The Urban League of Philadelphia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Urban League of Philadelphia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement and the City of Philadelphia Subrecipient Audit Guide* that could have a direct and material effect on The Urban League of Philadelphia's major federal program for the year ended June 30, 2023. The Urban League of Philadelphia's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Urban League of Philadelphia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *City of Philadelphia Subrecipient Audit Guide*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Urban League of Philadelphia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of The Urban League of Philadelphia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Urban League of Philadelphia's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Urban League of Philadelphia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Urban League of Philadelphia's compliance with the requirements of its major federal program as a whole.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE AND THE CITY OF PHILADELPHIA SUBRECIPIENT AUDIT GUIDE**

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Urban League of Philadelphia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Urban League of Philadelphia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of The Urban League of Philadelphia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the City of Philadelphia Subrecipient Audit Guide. Accordingly, this report is not suitable for any other purpose.

Horsey, Buckner & Heffler, LLP

March 25, 2024

**THE URBAN LEAGUE OF PHILADELPHIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditor's Results

A) Type of auditor's report issued:	Unmodified
B) Internal control over financial reporting	
1) Material weakness(es) identified?	___yes <u> x </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	___yes <u> x </u> none reported
C) Noncompliance material to the financial statements noted?	___yes <u> x </u> no

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___yes <u> x </u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___yes <u> x </u> none reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 2000.516(a) of the Uniform Guidance?	___yes <u> x </u> no
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Identification of major program:	14.218– Community Development Block Grant/Entitlement Grants
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Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as a low risk auditee?	___yes <u> x </u> no
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Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

Section IV – Summary Schedule of Prior Audit Findings

No prior year findings noted.

**CITY OF PHILADELPHIA, DIVISION OF HOUSING
AND COMMUNITY DEVELOPMENT (DHDC)
STATEMENTS AND SCHEDULES**

THE URBAN LEAGUE OF PHILADELPHIA
 Statements and Schedules
 Contract Number 23-20285
 Schedule of Source and Status of Funds
 For the Period from July 1, 2022 to June 30, 2023

	<u>CDBG*</u> <u>Funds</u>	<u>City</u> <u>General</u>	<u>HTF</u>	<u>New</u> <u>HTF</u>	<u>CDGB</u> <u>Covid Cares</u>	<u>Total</u>
Total contract (Final Authorized Budget)	\$ 165,750	\$ 68,750	\$ 165,750	\$ 135,000	\$ 70,000	\$ 605,250
<i>Less:</i>						
Funds drawn down, prior fiscal years	-	-	-	-	-	-
Funds drawn down, current fiscal years	165,750	68,750	165,750	135,000	70,000	605,250
Total funds drawn down	165,750	68,750	165,750	135,000	70,000	605,250
Funds still available for drawdown	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total funds drawn down	\$ 165,750	\$ 68,750	\$ 165,750	\$ 135,000	\$ 70,000	\$ 605,250
<i>Add:</i>						
Program income	-	-	-	-	-	-
Total funds received	165,750	68,750	165,750	135,000	70,000	605,250
<i>Less:</i>						
Program income expended	-	-	-	-	-	-
Funds applied, prior years	-	-	-	-	-	-
Funds applied, current years	-	-	-	-	-	-
Total funds applied (actual expenses)	165,750	68,750	165,750	135,000	70,000	605,250
Total funds due to funding sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total funds available for disposition	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*Community Development Block Grant

See Independent Audit Report

THE URBAN LEAGUE OF PHILADELPHIA
Statements and Schedules
Contract Number 23-20285
Schedule of Program Expenditures
For the Year Ended June 30, 2023

	Program Budget						Accrued Expenditures Prior to July 1, 2022					Accrued Expenditures July 1, 2022 to June 30, 2023					Accrued Expenditures Cumulative to June 30, 2023								
	CDBG* Funds	City General	HTF	New HTF	CDBG Covid Cares	Total	CDBG* Funds	City General	HTF	New HTF	CDBG Covid Cares	Total	CDBG* Funds	City General	HTF	New HTF	CDBG Covid Cares	Total	CDBG* Funds	City General	HTF	New HTF	CDBG Covid Cares	Total	
<i>Contract categories</i>																									
Direct personnel	\$ 106,047	\$ 55,269	\$ 106,047	\$ 84,989	\$ 40,991	\$ 393,343	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,047	\$ 55,269	\$ 106,047	\$ 84,989	\$ 40,991	\$ 393,343	\$ 106,047	\$ 55,269	\$ 106,047	\$ 84,989	\$ 40,991	\$ 393,343	
Fringe benefits	26,118	5,404	26,118	21,344	11,079	90,063	-	-	-	-	-	-	26,118	5,404	26,118	21,344	11,079	90,063	26,118	5,404	26,118	21,344	11,079	90,063	
Travel	-	-	-	-	2,334	2,334	-	-	-	-	-	-	-	-	-	-	2,334	2,334	-	-	-	-	-	2,334	
Occupancy	22,870	4,732	22,870	18,690	9,699	78,861	-	-	-	-	-	-	22,870	4,732	22,870	18,690	9,699	78,861	22,870	4,732	22,870	18,690	9,699	78,861	
Equipment	2,575	533	2,575	2,105	1,092	8,880	-	-	-	-	-	-	2,575	533	2,575	2,105	1,092	8,880	2,575	533	2,575	2,105	1,092	8,880	
Insurance	1,389	832	1,389	1,135	746	5,491	-	-	-	-	-	-	1,389	832	1,389	1,135	746	5,491	1,389	832	1,389	1,135	746	5,491	
Misc Program exp	6,751	1,980	6,751	6,737	4,059	26,278	-	-	-	-	-	-	6,751	1,980	6,751	6,737	4,059	26,278	6,751	1,980	6,751	6,737	4,059	26,278	
Contract total	\$ 165,750	\$ 68,750	\$ 165,750	\$ 135,000	\$ 70,000	\$ 605,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 165,750	\$ 68,750	\$ 165,750	\$ 135,000	\$ 70,000	\$ 605,250	\$ 165,750	\$ 68,750	\$ 165,750	\$ 135,000	\$ 70,000	\$ 605,250	

See Independent Audit Report

THE URBAN LEAGUE OF PHILADELPHIA
 Statements and Schedules
 Contract Number 23-20285
 Schedule of Program Income
 For the Period from July 1, 2022 to June 30, 2023

	<u>Sales Proceeds</u>	<u>Other (Specify)</u>	<u>Total</u>
Program income (cumulative to June 30, 2023)	\$ -	\$ -	\$ -
<i>Less:</i> Program income expended in prior years	-	-	-
Beginning balance, July 1, 2022	-	-	-
<i>Add:</i> Program income received in current fiscal year	-	-	-
<i>Less:</i> Program income expended in current fiscal year	-	-	-
Ending balance, June 30, 2023	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Independent Audit Report

THE URBAN LEAGUE OF PHILADELPHIA
 Statements and Schedules
 Contract Number 23-20285
 Reconciliation Schedule
 For the Period from July 1, 2022 to June 30, 2023

	Amount per Books and Records	Subrecipient Amount per Invoices	Differences
Contract amount	<u>\$ 605,250</u>	<u>\$ 605,250</u>	<u>\$ -</u>
<i>Program costs</i>			
Current year	605,250	605,250	-
Cumulative	<u>605,250</u>	<u>605,250</u>	<u>-</u>
<i>Funds drawn down</i>			
Current year	605,250	605,250	-
Cumulative	<u>605,250</u>	<u>605,250</u>	<u>-</u>
Balance on advances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Audit Report

**CITY OF PHILADELPHIA, DEPARTMENT OF COMMERCE
STATEMENTS AND SCHEDULES**

THE URBAN LEAGUE OF PHILADELPHIA
 Statements and Schedules
 Contract Number 23-20235
 Schedule of Source and Status of Funds
 For the Period from July 1, 2022 to June 30, 2023

	CDBG * Funds	Project Funds	Total
<i>Total contract</i> (Final Authorized Budget)	\$ 75,000	\$ -	\$ 75,000
<i>Less</i>			
Funds drawn down, prior fiscal years			
Funds drawn down, current fiscal year	75,000	-	75,000
Total funds drawn down	75,000	-	75,000
Funds still available for draw down	\$ -	\$ -	\$ -
Total funds drawn down	\$ -	\$ -	\$ -
<i>Add:</i>			
Program income	-	-	-
Total funds received	-	-	-
<i>Less:</i>			
Program income expended	-	-	-
Funds applied, prior years			
Funds applied, current year	75,000	-	75,000
Total funds applied (actual expenses)	75,000	-	75,000
Total funds due to funding source	\$ -	\$ -	\$ -
Total funds available for disposition	\$ -	\$ -	\$ -

* Community Development Block Grant

See Independent Audit Report

THE URBAN LEAGUE OF PHILADELPHIA

Statements and Schedules

Contract Number 23-20235

Schedule of Program Expenditures

For the Year Ended June 30, 2023

	Project Budget			Accrued Expenditures		
	CDBG* Funds	Project Funds	Total	CDBG* Funds	Project Funds	Total
<i>Contract categories</i>						
Direct personnel	\$ 34,290	\$ -	\$ 34,290	\$ 34,290	\$ -	\$ 34,290
Fringe benefits	8,535	-	8,535	8,535	-	8,535
Operating consultants	30,150	-	30,150	30,150	-	30,150
Occupancy	1,708	-	1,708	1,708	-	1,708
Misc. Programming exp	317	-	317	317	-	317
Contract total	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ 75,000

See Independent Audit Report

THE URBAN LEAGUE OF PHILADELPHIA
 Statements and Schedules
 Contract Number 23-20235
 Schedule of Program Income
 For the Period from July 1, 2022 to June 30, 2023

	<u>Sales Proceeds</u>	<u>Other (Specify)</u>	<u>Total</u>
Program income (cumulative to June 30, 2023)	\$ -	\$ -	\$ -
<i>Less:</i> Program income expended in prior years	-	-	-
Beginning balance, July 1, 2022	-	-	-
<i>Add:</i> Program income received in current fiscal year	-	-	-
<i>Less:</i> Program income expended in current fiscal year	-	-	-
Ending balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Audit Report

**The Urban League of Philadelphia
 Contract Number 23-20235
 Reconciliation Schedule
 For The Year Ended June 30, 2023**

	Amount According to Books and Records	Amount According to Invoices	Differences
Contract amount	\$ 75,000	\$ 75,000	\$ -
Program costs	75,000	75,000	-
Funds drawn down	75,000	75,000	-
Balance on advances	\$ -	\$ -	-

See Independent Audit Report