THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

Urban League
of Metropolitan St. Louis, Inc.

Empowering Communities. Changing Lives.

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RubinBrown
7676 Forsyth Blvd
Suite 2100
St. Louis, MO 63105
T: 314.290.3300
E: info@rubinbrown.com
www.RubinBrown.com
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
The Urban League of Metropolitan
St. Louis, Inc. and Affiliate
St. Louis, Missouri

Report On The Audit Of The Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Urban League of Metropolitan St. Louis, Inc. and Urban League Community Development Enterprises (collectively, the League), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the League as of December 31, 2022 and 2021, and the changes in their net assets, functional expenses, and 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 and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements section of our report. We are required to be independent of the League 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 League's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 auditing standards generally accepted in the United States of America and *Government 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 auditing standards generally accepted in the United States of America and *Government 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 League'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 League'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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of the League as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 consolidated financial statements or to the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023 on our consideration of the League'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 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 League'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* in considering the League's internal control over financial reporting and compliance.

RubinBrown LLP

October 30, 2023

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	December 31,	
	2022	2021
Assets		
Cash and cash equivalents	**$ 17,336,885**	$ 10,326,885
Government grants receivable	**7,212,460**	4,129,979
Pledges receivable, net	**5,867,569**	4,844,237
Prepaid expenses and other current assets	**622,369**	473,650
Investments	**10,085,642**	12,592,071
Deferred pension asset	**904,427**	139,809
Intangibles	**61,710**	88,840
Right-of-use assets	**903,107**	—
Beneficial interest in charitable remainder trust	**414,249**	471,438
Property and equipment, net	**21,713,951**	20,142,114
Total Assets	**$ 65,122,369**	$ 53,209,023
Liabilities		
Accounts payable and accrued expenses	**$ 1,868,573**	$ 1,291,259
Current right-of-use lease liabilities	**484,971**	—
Current maturities of notes payable	**1,995,197**	4,039,876
Accrued payroll and related taxes	**696,726**	583,816
Refundable advances	**12,071,605**	4,044,880
Long-term right-of-use lease liabilities	**388,130**	—
Long-term notes payable	**11,983,845**	12,234,210
Less: unamortized debt issuance costs	**458,235**	471,335
Total Long-Term Notes Payable	**11,525,610**	11,762,875
Total Liabilities	**29,030,812**	21,722,706
Net Assets		
Without Donor Restrictions		
Board-designated endowment	**1,869,949**	2,333,262
Undesignated	**8,661,748**	7,451,053
Total Without Donor Restrictions	**10,531,697**	9,784,315
With Donor Restrictions		
Purpose restricted	**20,335,118**	16,377,651
Time restricted	**1,374,624**	1,339,811
Perpetual in nature	**3,850,118**	3,984,540
Total With Donor Restrictions	**25,559,860**	21,702,002
Total Net Assets	**36,091,557**	31,486,317
Total Liabilities And Net Assets	**$ 65,122,369**	$ 53,209,023

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2022

	Operational	Ferguson Empowerment Center	Total Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenue					
Public Support:					
Contributions and special purpose revenue	$ 705,246	$ —	$ 705,246	$ 9,821,741	$ 10,526,987
United Way of Greater St. Louis	2,500	—	2,500	1,374,624	1,377,124
Contributed services, materials and rent	2,207,447	—	2,207,447	—	2,207,447
Special events income (loss) - net of expenses	(108,231)	—	(108,231)	212,950	104,719
Membership dues	196,108	—	196,108	—	196,108
Net assets released from restrictions	7,360,821	—	7,360,821	(7,360,821)	—
Total Public Support	10,363,891	—	10,363,891	4,048,494	14,412,385
Grants from Governmental Agencies	29,094,080	—	29,094,080	—	29,094,080
Other Revenue (Loss):					
Investment income (loss)	(258,973)	—	(258,973)	(134,422)	(393,395)
Change in beneficial value of charitable remainder trust	—	—	—	(57,189)	(57,189)
Miscellaneous	1,423,659	75,000	1,498,659	975	1,499,634
Total Other Revenue (Loss)	1,164,686	75,000	1,239,686	(190,636)	1,049,050
Total Support And Revenue	40,622,657	75,000	40,697,657	3,857,858	44,555,515
Expenses					
Program Services:					
Economic opportunity	8,727,862	315,578	9,043,440	—	9,043,440
Community empowerment	8,962,402	—	8,962,402	—	8,962,402
Educational excellence	14,295,921	—	14,295,921	—	14,295,921
Public safety and neighborhood stabilization	3,490,815	—	3,490,815	—	3,490,815
Total Program Services	35,477,000	315,578	35,792,578	—	35,792,578
Supporting Services:					
Management and general	2,080,475	—	2,080,475	—	2,080,475
Fundraising and communications	2,549,912	—	2,549,912	—	2,549,912
Total Supporting Services	4,630,387	—	4,630,387	—	4,630,387
Total Expenses	40,107,387	315,578	40,422,965	—	40,422,965
Change In Net Assets From Operating Activities	515,270	(240,578)	274,692	3,857,858	4,132,550
Pension Plan Changes Other Than Pension Plan Service Costs	472,690	—	472,690	—	472,690
Change In Net Assets	987,960	(240,578)	747,382	3,857,858	4,605,240
Net Assets - Beginning Of Year	10,640,268	(855,953)	9,784,315	21,702,002	31,486,317
Net Assets - End Of Year	$ 11,628,228	$ (1,096,531)	$ 10,531,697	$ 25,559,860	$ 36,091,557

See the notes to consolidated financial statements.

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2021

	Operational	Ferguson Empowerment Center	Total Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenue					
Public Support:					
Contributions and special purpose revenue	$ 2,010,445	$ —	$ 2,010,445	$ 8,181,140	$ 10,191,585
United Way of Greater St. Louis	3,341	—	3,341	1,339,811	1,343,152
Unassociated fund raising	1,000	—	1,000	16,086	17,086
Contributed services, materials and rent	5,439,692	—	5,439,692	36,612	5,476,304
Special events income - net of expenses	94,927	—	94,927	226,673	321,600
Membership dues	276,379	—	276,379	—	276,379
Net assets released from restrictions	8,946,058	—	8,946,058	(8,946,058)	—
Total Public Support	16,771,842	—	16,771,842	854,264	17,626,106
Grants from Governmental Agencies	23,145,162	—	23,145,162	—	23,145,162
Other Revenue:					
Investment income	467,598	—	467,598	81,812	549,410
Change in beneficial value of charitable remainder trust	—	—	—	68,489	68,489
Gain on sale of property and equipment	1,466,594	—	1,466,594	—	1,466,594
Gain on extinguishment of debt	1,984,152	—	1,984,152	—	1,984,152
Miscellaneous	617,919	150,000	767,919	—	767,919
Total Other Revenue	4,536,263	150,000	4,686,263	150,301	4,836,564
Total Support And Revenue	44,453,267	150,000	44,603,267	1,004,565	45,607,832
Expenses					
Program Services:					
Economic opportunity	5,854,426	343,230	6,197,656	—	6,197,656
Community empowerment	7,857,190	—	7,857,190	—	7,857,190
Educational excellence	13,889,828	—	13,889,828	—	13,889,828
Public safety and neighborhood stabilization	6,090,403	—	6,090,403	—	6,090,403
Total Program Services	33,691,847	343,230	34,035,077	—	34,035,077
Supporting Services:					
Management and general	1,757,484	—	1,757,484	—	1,757,484
Fundraising and communications	1,381,195	—	1,381,195	—	1,381,195
Total Supporting Services	3,138,679	—	3,138,679	—	3,138,679
Total Expenses	36,830,526	343,230	37,173,756	—	37,173,756
Change In Net Assets From Operating Activities	7,622,741	(193,230)	7,429,511	1,004,565	8,434,076
Pension Plan Changes Other Than Pension Plan Service Costs	273,822	—	273,822	—	273,822
Change In Net Assets	7,896,563	(193,230)	7,703,333	1,004,565	8,707,898
Net Assets - Beginning Of Year	2,743,705	(662,723)	2,080,982	20,697,437	22,778,419

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2022

	Program Services					Supporting Services		
	Economic Opportunity	Community Empowerment	Educational Excellence	Public Safety And Neighborhood Stabilization	Total	Management And General	Fundraising And Communications	Total
Expenses								
Salaries	$ 3,266,369	$ 1,518,255	$ 5,544,591	$ 1,899,230	$ 12,228,445	$ 1,447,918	$ 652,689	$ 14,329,052
Employee health and retirement benefits	318,159	153,564	689,113	139,745	1,300,581	60,004	79,741	1,440,326
Payroll taxes	276,816	119,957	504,197	207,156	1,108,126	84,339	35,454	1,227,919
Assistance to individuals	1,845,034	5,991,997	486,781	200,394	8,524,206	5,552	109,435	8,639,193
Awards and grants	31,460	—	6,500	—	37,960	29,515	—	67,475
Conferences and meetings	132,200	7,376	208,267	58,371	406,214	11,445	26,150	443,809
Dues to national organization	400	—	—	—	400	5,000	—	5,400
Insurance	66,094	28,272	121,990	23,413	239,769	141,624	12,980	394,373
Local transportation	79,599	181,350	66,536	17,033	344,518	9,161	1,197	354,876
Membership dues	10,687	—	13,606	75	24,368	10,340	—	34,708
Miscellaneous	74,641	80,055	46,900	2,509	204,105	18,076	10,623	232,804
Occupancy	486,835	431,402	1,614,355	66,301	2,598,893	754,164	128,943	3,482,000
Postage and shipping	2,423	4,222	267	456	7,368	8,213	2,138	17,719
Printing and publications	141,810	57,607	241,206	103,325	543,948	6,884	163,633	714,465
Professional fees	668,528	38,534	2,073,533	286,737	3,067,332	422,022	396,436	3,885,790
Rental and equipment maintenance	6,967	12,721	99,093	6,115	124,896	6,040	19,182	150,118
Supplies	811,046	95,401	554,447	91,081	1,551,975	201,643	894,413	2,648,031
Telephone	109,191	61,397	186,410	29,357	386,355	104,764	11,708	502,827
Travel	135,960	892	8,274	6,781	151,907	17,446	5,190	174,543
Total	8,464,219	8,783,002	12,466,066	3,138,079	32,851,366	3,344,150	2,549,912	38,745,428
Depreciation and amortization	225,817	18,856	143,192	—	387,865	1,289,672	—	1,677,537
Allocation of administrative costs	353,404	160,544	1,686,663	352,736	2,553,347	(2,553,347)	—	—
Total Expenses	$ 9,043,440	$ 8,962,402	$ 14,295,921	$ 3,490,815	$ 35,792,578	$ 2,080,475	$ 2,549,912	$ 40,422,965

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2021

	Program Services					Supporting Services		
	Economic Opportunity	Community Empowerment	Educational Excellence	Public Safety And Neighborhood Stabilization	Total	Management And General	Fundraising And Communications	Total
Expenses								
Salaries	$ 2,722,995	$ 1,044,842	$ 4,731,437	$ 1,192,313	$ 9,691,587	$ 1,271,649	$ 617,131	$ 11,580,367
Employee health and retirement benefits	19,316	6,780	44,569	7,272	77,937	9,362	4,513	91,812
Payroll taxes	249,935	93,463	462,654	134,219	940,271	97,076	33,733	1,071,080
Assistance to individuals	546,087	5,287,996	442,138	4,382,474	10,658,695	214	45,477	10,704,386
Awards and grants	921	4,472	13,108	—	18,501	—	—	18,501
Conferences/meetings	71,781	12,137	132,755	18,419	235,092	2,229	15,676	252,997
Dues to national organization	—	—	—	—	—	5,000	—	5,000
Insurance	67,218	32,521	142,117	15,980	257,836	47,276	14,051	319,163
Local transportation	80,753	216,137	24,851	14,589	336,330	12,606	284	349,220
Membership dues	5,356	1,665	7,147	—	14,168	7,523	—	21,691
Miscellaneous	81,569	4,687	13,324	1,278	100,858	109,207	13,261	223,326
Occupancy	363,718	326,529	1,686,967	35,317	2,412,531	794,285	32,545	3,239,361
Postage and shipping	3,710	12,289	613	41	16,653	6,721	1,255	24,629
Printing and publications	83,469	117,160	308,646	46,094	555,369	23,224	82,404	660,997
Professional fees	710,572	25,131	2,105,035	30,697	2,871,435	516,509	145,686	3,533,630
Rental and equipment maintenance	8,000	21,959	13,855	5,521	49,335	49,256	1,584	100,175
Supplies	429,155	58,983	1,917,080	62,246	2,467,464	106,510	360,054	2,934,028
Telephone	117,780	104,709	257,246	16,318	496,053	132,810	11,282	640,145
Travel	49,663	—	—	—	49,663	850	2,259	52,772
Total	5,611,998	7,371,460	12,303,542	5,962,778	31,249,778	3,192,307	1,381,195	35,823,280
Depreciation and amortization	225,059	218,469	196,739	—	640,267	710,209	—	1,350,476
Allocation of administrative cost	360,599	267,261	1,389,547	127,625	2,145,032	(2,145,032)	—	—
Total Expenses	$ 6,197,656	$ 7,857,190	$ 13,889,828	$ 6,090,403	$ 34,035,077	$ 1,757,484	$ 1,381,195	$ 37,173,756

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended December 31, 2022	2021
Cash Flows From Operating Activities		
Change in net assets	**$ 4,605,240**	$ 8,707,898
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	**1,677,537**	1,350,476
Amortization of debt issuance costs reported as interest expense	**13,100**	12,449
Realized and unrealized gains on investments	**663,786**	(321,326)
Gain on sale of property and equipment	**—**	(1,466,594)
Donation of property	**—**	(2,234,885)
Change in value of beneficial interest in charitable remainder trust	**57,189**	(68,489)
Gain on extinguishment of debt	**—**	(1,984,152)
Changes in assets and liabilities:		
Government grants receivable	**(3,082,481)**	80,766
Pledges receivable	**(1,423,332)**	3,062,492
Prepaid expenses	**(148,719)**	(230,483)
Deferred pension asset	**(764,618)**	(139,809)
Accounts payable and accrued expenses	**577,314**	(458,082)
Accrued payroll and related taxes	**112,910**	262,920
Accrued pension liability	**—**	(1,783,579)
Refundable advances	**8,026,725**	1,614,977
Right-of-use assets and liabilities	**(30,006)**	—
Net Cash Provided By Operating Activities	**10,284,645**	6,404,579
Cash Flows From Investing Activities		
Purchase of property and equipment	**(3,222,244)**	(5,837,198)
Proceeds from sale of property and equipment	**—**	1,530,604
Purchases of investments	**(1,993,333)**	(4,975,167)
Proceeds from sale or maturity of investments	**3,835,976**	761,550
Net Cash Used In Investing Activities	**(1,379,601)**	(8,520,211)
Cash Flows From Financing Activities		
Proceeds from notes payable	**—**	7,345,000
Payments on notes payable	**(2,295,044)**	(232,393)
Contributions restricted for endowment	**400,000**	300,000
Payments for debt issuance costs	**—**	(100,349)
Net Cash Provided By (Used In) Financing Activities	**(1,895,044)**	7,312,258
Net Increase In Cash And Cash Equivalents	**7,010,000**	5,196,626
Cash And Cash Equivalents - Beginning Of Year	**10,326,885**	5,130,259
Cash And Cash Equivalents - End Of Year	**$ 17,336,885**	$ 10,326,885
Supplemental Disclosure Of Cash Flow Information		
Interest paid	**$ 177,891**	$ 149,845

1. Operations And Summary Of Significant Accounting Policies

Operations

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

The Urban League's primary source of revenue is federal and state government grants. The Urban League also receives contributions from the United Way and other charitable organizations and earns revenue from membership dues.

Effective June 2021, the Urban League Community Development Enterprises (the Urban League CDE) was established as a not-for-profit organization related to the headquarters' new market tax credits (Note 11). The Urban League has both control and economic interest in the Urban League CDE, so the Urban League CDE is consolidated into the Urban League (collectively, the League).

The accompanying consolidated financial statements include all programs operated by the League. The consolidated financial statements are prepared on the accrual basis of accounting.

Use Of Management Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles (GAAP) of the United States of America requires that management make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for uncollectible receivables and pledges and pension plan assumptions.

Basis Of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations, which require the League to report information regarding its consolidated financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the League. These net assets may be used at the discretion of management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Net assets with donor restrictions are further categorized as time or purpose restricted or perpetual in nature. Net assets with donor restrictions that are perpetual in nature require the League to maintain such assets permanently while permitting the League to expend the income, dividends, and interest in accordance with the provisions of the donor-imposed stipulations.

Cash And Cash Equivalents

The League considers all money market and short-term investments with original maturities less than three months from the date of purchase to be cash equivalents. The League invests its cash and cash equivalents with financial institutions with strong credit ratings. At December 31, 2022, such balances were in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits by approximately $16,624,000.

Governmental Grants

A portion of the League's revenue is derived from cost-reimbursable grants from governmental entities, which are conditioned upon measurable performance or other barriers, which is typically the incurrence of allowable qualifying expenses and are recognized as support when the conditions on which they depend have been met. Qualifying expenditures that have been incurred but not yet reimbursed are included in government grant receivables in the consolidated statement of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. The League had conditional pledges related to government grants of approximately $39,220,000 that have not been recognized at December 31, 2022 because qualifying expenditures have not yet been incurred.

Pledges Receivable

Pledges receivable are recognized as revenue when they are unconditionally promised. Pledges with a term greater than one year are discounted using a rate of 3.00%. Conditional contributions, that is, those with measurable performance or other barriers, are recognized as support when the conditions on which they depend have been met.

Contributions

Unconditional contributions are recognized when promised or received. All contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year as the contribution is received are initially reported as net assets with donor restrictions and are subsequently released to net assets without donor restrictions in the same year. Gifts of long-lived assets received without stipulations are recorded as net assets without donor restrictions. The League has also adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

Investments

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

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the consolidated statement of financial position.

Equity Method Investments

The Urban League holds a 50% interest in Urban League FEC Leverage Lender (Leverage Lender) due to new market tax credits received related to construction of Ferguson Empowerment Center (Note 11). Investment in Leverage Lender is carried at cost of $2,616,000 adjusted for the Urban League's share of earnings or losses subsequent to acquisition (i.e., the equity method). Losses will not be recorded if they would cause the investment balance to be negative. For the years ended December 31, 2022 and 2021, the Urban League's allocated share of income was distributed in full.

The Urban League CDE holds a .01% interest in Twain Investment Fund 487, LLC (Twain Investment Fund) due to new market credits received related to purchase and rehabilitation of the Urban League's headquarters (Note 11). Investment in Twain Investment Fund is carried at cost of $4,128,578 adjusted for the League's share of earnings or losses subsequent to acquisition (i.e., the equity method). Losses will not be recorded if they would cause the investment balance to be negative. For the year ended December 31, 2022 and 2021, the Urban League CDE did not receive any income.

The following is a summary of selected financial information for these entities:

	As Of December 31, 2022		
	Total Assets	**Total Liabilities**	**Total Equity**
Twain Investment Fund	$ 4,128,578	$ —	$ 4,128,578
Urban League FEC Leverage Lender	$ 4,016,000	$ —	$ 4,016,000

	As Of December 31, 2021		
	Total Assets	**Total Liabilities**	**Total Equity**
Twain Investment Fund	$ 4,128,578	$ —	$ 4,128,578
Urban League FEC Leverage Lender	$ 4,016,000	$ —	$ 4,016,000

		For The Year Ended December 31, 2022		
	Ownership Interest	**Revenues**	**Net Income**	**Allocated Share Of Income**
Twain Investment Fund	0.01%	$ 54,444	$ —	$ —
Urban League FEC Leverage Lender	50.00%	$ 40,160	$ 40,160	$ 20,080

		For The Year Ended December 31, 2021		
	Ownership Interest	**Revenues**	**Net Income**	**Allocated Share Of Income**
Twain Investment Fund	0.01%	$ —	$ —	$ —
Urban League FEC Leverage Lender	50.00%	$ 40,160	$ 40,160	$ 20,080

Intangibles

In 2016, the League incurred $150,000 of fees associated with the FEC new market tax credits. The fees are being amortized using the straight-line method over the 7-year compliance period. For 2022 and 2021, amortization expense amounted to $17,308 and $23,076, respectively. As of December 31, 2022 and 2021, accumulated amortization amounted to $142,308 and $125,000, respectively.

In 2021, the League incurred $68,750 of fees associated with the headquarters new market tax credits. The fees are being amortized using the straight-line method over the 7-year compliance period. For 2022 and 2021, amortization expense amounted to $9,822 and $4,910, respectively. As of December 31, 2022 and 2021, accumulated amortization amounted to $14,732 and $4,910, respectively.

Property And Equipment

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

Buildings	40 years
Building improvements	20 years
Furniture, fixtures and equipment	3 - 10 years
Leased building improvements	Shorter of the life of lease or life of asset

The League acquires title to property and equipment purchased with federal grant funds. In certain instances, the federal government retains a reversionary interest in federally funded assets in the event of program termination. As of December 31, 2022 and 2021, the League held title to $7,100,720 and $8,173,531, respectively, of property and equipment purchased with federal grant funds. Accumulated depreciation on the federally funded assets amounted to $3,176,563 and $4,332,182 as of December 31, 2022 and 2021, respectively.

New Accounting Pronouncement - Leases

On January 1, 2022, the League utilized the modified retrospective approach to adopt the provisions of Accounting Standards Codification (ASC) Topic 842, *Leases*, which includes a number of optional practical expedients that entities may elect to apply. The League has elected certain practical expedients, including the use of hindsight in determining the lease term at transition and in assessing impairment of an entity's right-of-use (ROU) assets and the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The League has also elected the practical expedient not to assess whether existing leases that were not previously accounted for as leases under ASC Topic 840 are or contain a lease under ASC 842. The initial adoption of ASC 842 did not result in a cumulative adjustment to net assets. Results for 2022 are presented under ASC 842, while the prior period financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

Operating Leases

ROU assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. The League does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the lease asset and the terms associated with extending the lease.

The League has not included any renewal periods in the terms when determining the ROU asset and lease liabilities as management is not reasonably certain if such renewals will be exercised. Accordingly, only the initial term is included in the lease term when calculating the ROU asset and lease liabilities.

As most leases do not provide an implicit discount rate, the League has made an election that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

The League's operating leases typically contain fixed rent escalations over the lease term, and the League recognizes expense for these leases on a straight-line basis over the lease term of the respective ROU asset. The League recognizes the related lease expense on a straight-line basis and records the difference between the recognized lease expense and amounts payable under the lease as part of the ROU asset.

The League does not separate non-lease components of a contract from the lease components to which they relate for all classes of leased assets.

Forgivable Notes Payable

The Urban League received a loan that was part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Urban League used the proceeds from the loan exclusively for qualified expenses under the PPP, mainly payroll costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Urban League considered the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, *Debt*. The Urban League did not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

The loan remained recorded as a liability until the loan was forgiven and the debtor was legally released. Once the loan was forgiven and legal release was received, the League reduced the liability by the amount forgiven and recorded a gain on extinguishment.

Debt Issuance Costs

At December 31, 2022 and 2021, debt issuance costs totaling $531,377 were capitalized and are being amortized on a straight-line basis over the term of the related tax credit compliance period. Accumulated amortization totaled $73,142 and $60,042 as of December 31, 2022 and 2021, respectively. Amortization expense amounted to $13,100 and $12,449 during the years ended December 31, 2022 and 2021, respectively, and is included in interest expense on the consolidated statement of functional expenses. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

Contributed Services, Materials And Rent

The League records various types of in-kind contributions. Contributed services are recognized at the fair value for someone performing specialized skills. Contributions of tangible assets are recognized at fair value on the date of the donation. The amounts reflected in the accompanying consolidated financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. During 2022 and 2021, $349,038 and $455,914, respectively, in contributed services were received, but were not recorded as they did not meet the criteria for recognition.

As more fully described in Note 9, the use of the facilities where the League operates were donated or discounted. Amounts have been recognized as revenues and expenses in the accompanying consolidated financial statements for the fair market value of the donated facilities.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying consolidated financial statements:

<u>Economic Opportunity</u>

These programs empower individuals to reach self-sufficiency. Core programs include: employment services, HUD housing counseling, Foreclosure Prevention, Weatherization, St. Louis County Youth Services, Business Training Center classes, Bridging the Digital Divide and Financial Literacy Training.

<u>Community Empowerment</u>

These include impactful programs that change families' lives. Core programs include: Community Outreach, Food Pantry, LIHEAP, Dollar More, Community Clothes Closet, 100 Neediest Cases, utility assistance, and rent/mortgage assistance.

<u>Educational Excellence</u>

These programs empower future leaders. Core programs include: Head Start, college scholarships, GED classes, and Vaughn Cultural Center.

Public Safety And Neighborhood Stabilization

The vision of the Urban League of Metropolitan St. Louis' Division of Public Safety and Community Response is to reduce crime and violence by connecting neighborhood residents with necessary services and viable resources. This mission is centered around four pillars: household engagement, household assessment, resource delivery and neighborhood-based case management with a focus on high-risk individuals. To address the growing disparities, our social lens is: Neighborhood, Front Porch, Living Room (or the NPL). These pillars directly impact many issues that prevent progression within the most challenged neighborhoods of St. Louis. This model is proven to reduce crime and violence, while making neighborhoods more livable.

Management And General

Management and general includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of the League's program strategy, secure proper administrative functioning of the Board of Directors, maintain competent legal services for the program administration of the League, and manage the financial and budgetary responsibilities of the League.

Fundraising And Communications

The fundraising and communications function provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations as well as support from local, state, and federal government agencies.

Functional Expense Allocation

Expenses directly attributable to a specific functional area of the League are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across the programs and supporting services.

See summary below for specific allocation methods used for various expenses that are not directly attributable to a specific functional area:

Natural Category	Method
Insurance	Salary, wages, and benefits ratio, square footage and direct
Professional fees	Salary, wages, and benefits ratio and direct charge
Occupancy	Square footage and direct charge
Telephone	Square footage and direct charge
Depreciation and amortization	Square footage and direct charge

Indirect Costs

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

Fundraising

The League employs fundraising staff who organize special events and request contributions from donors. No fundraising costs are allocated to programs. Direct costs of special events are recorded as an offset to special events income in the consolidated statements of activities and amounted to $421,231 and $205,423 in 2022 and 2021, respectively. All other fundraising costs are recorded in the consolidated statements of activities and functional expenses.

Tax Status

The League is an organization described in Internal Revenue Code Section 501(c)(3) and has received an Internal Revenue Service determination letter stating that it is exempt from federal tax on income from its related, exempt activities. However, the League is subject to federal income tax on any unrelated business taxable income.

Reclassifications

Certain 2021 amounts have been reclassified, where appropriate, to conform to the presentation used in the 2022 consolidated financial statements.

Subsequent Events

Management evaluates subsequent events through the date the consolidated financial statements were available for issue, which is the date of the Independent Auditors' Report.

2. Pledges Receivable

Pledges receivable as of December 31 were scheduled for collection as follows:

	2022	2021
Less than one year	**$ 4,293,404**	$ 3,575,683
One - five years	**1,704,700**	1,454,700
Total pledges receivable	**5,998,104**	5,030,383
Allowance for doubtful accounts	**(24,278)**	(24,278)
Discount on long-term pledges receivable	**(106,257)**	(161,868)
	$ 5,867,569	$ 4,844,237

3. Investments

Investments consisted of the following at December 31:

	2022	2021
Corporate stocks	**$ 42,941**	$ 5,717
Investment in FEC Leverage Lender	**2,616,000**	2,616,000
Investment in HQ Leverage Lender	**4,128,578**	4,128,578
Mutual funds	**3,140,989**	3,724,269
Certificates of deposit	**157,134**	2,117,507
Total	**$ 10,085,642**	$ 12,592,071

The League accounts for certain investments at fair value as required by generally accepted accounting principles. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs.

There are three general valuation techniques that may be used to measure fair value, as described below:

- Market approach - Uses prices and other relevant information generated by market transactions involving identical or comparable asset or liabilities.
- Cost approach - Based on the amount that currently would be required to replace the service capacity of an asset.

- Income approach - Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts.

Investments measured and reported at fair value are classified and disclosed in one of the following three categories:

Level 1 Quoted prices that are readily available in active markets/exchanges for identical investments.

Level 2 Pricing inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

Level 3 Significant pricing inputs that are unobservable for the investment and includes investments for which there is little, if any, market activity for the investment.

The following are the major categories of assets measured at fair value on a recurring basis at December 31:

		Fair Value Measurements At December 31, 2022		
	Total	**Level 1**	**Level 2**	**Level 3**
Asset Category				
Commercial services	$ 24,619	$ 24,619	$ —	$ —
Consumer	63,213	63,213	—	—
Corporate bonds	338,125	338,125	—	—
Emerging markets	239,457	239,457	—	—
Healthcare	62,466	62,466	—	—
High yield	35,468	35,468	—	—
Industrial/Infrastructure	40,540	40,540	—	—
Intermediate government	561,816	561,816	—	—
Large blend	747,264	747,264	—	—
Large growth	188,594	188,594	—	—
Large value	291,848	291,848	—	—
Small-cap	114,301	114,301	—	—
Technology	113,425	113,425	—	—
Treasury	192,493	192,493	—	—
Miscellaneous	127,360	127,360	—	—
Corporate stocks	42,941	42,941	—	—
Certificates of deposit	157,134	—	157,134	—
Beneficial interest in charitable remainder trust	414,249	—	—	414,249
Total	$ 3,755,313	$ 3,183,930	$ 157,134	$ 414,249

	Total	Fair Value Measurements At December 31, 2021		
		Level 1	Level 2	Level 3
Asset Category				
Mutual funds				
Commercial services	$ 67,193	$ 67,193	$ —	$ —
Consumer	106,666	106,666	—	—
Corporate bonds	432,816	432,816	—	—
Emerging markets	291,442	291,442	—	—
Healthcare	73,263	73,263	—	—
Internet index	51,536	51,536	—	—
Industrial/Infrastructure	82,184	82,184	—	—
Intermediate government	104,207	104,207	—	—
Large blend	485,309	485,309	—	—
Large growth	325,393	325,393	—	—
Large value	479,857	479,857	—	—
Mid-cap	2,692	2,692	—	—
Small-cap	278,511	278,511	—	—
Technology	313,591	313,591	—	—
Treasury	453,514	453,514	—	—
Miscellaneous	176,095	176,095	—	—
Corporate stocks	5,717	5,717	—	—
Certificates of deposit	2,117,507	—	2,117,507	—
Beneficial interest in charitable remainder trust	471,438	—	—	471,438
Total	$ 6,318,931	$ 3,729,986	$ 2,117,507	$ 471,438

At December 31, 2022 and 2021, the Level 2 and 3 assets utilize the following valuation techniques and inputs:

Certificates of Deposit: Certificates of deposit are valued using observable inputs, including security cost, maturity, and relevant short-term interest rates.

Beneficial interest in charitable remainder trust: Beneficial interest in charitable remainder trust is measured at the present value of future cash flows considering the estimated return on the invested assets during the expected term of the agreement, the contractual payment obligations under the agreement, and a discount rate commensurate with the risks involved.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2022 and 2021:

	Beneficial Interest In Charitable Remainder Trust
Balance - January 1, 2021	$ 402,949
Change in value	68,489
Balance - December 31, 2021	471,438
Change in value	(57,189)
Balance - December 31, 2022	$ 414,249

During 2022 and 2021, there were no changes in the methods and/or assumptions utilized to derive the fair value of the League's assets.

Components of investment income (loss) include:

	2022	2021
Interest income	**$ 270,391**	$ 228,084
Unrealized gain (loss) on investments	**(903,067)**	102,540
Realized gain on investments	**239,281**	218,786
Investment income (loss)	**$ (393,395)**	$ 549,410

4. Property And Equipment

Property and equipment consisted of the following at December 31:

	2022	2021
Land	**$ 1,241,799**	$ 1,241,799
Buildings and improvements	**30,397,946**	27,909,286
Furniture, fixtures and equipment	**4,296,622**	3,550,537
	35,936,367	32,701,622
Less: Accumulated depreciation	**14,222,416**	12,559,508
	$ 21,713,951	$ 20,142,114

5. Net Assets

The League's endowment consists of three individual funds established for scholarship recipients and operational use. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. The Board endowment is designated for general operations. As required by GAAP, net assets with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation Of Relevant Law

The Board of Directors of the League has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the League classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent explicit donor stipulations to the contrary, the remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as purpose restricted until those amounts are appropriated for expenditure by the League in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the League considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the League and the donor-restricted endowment funds;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the League; and
(7) The investment policies of the League.

Endowment Asset Composition As Of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ —	$ 3,650,118	$ 3,650,118
Board-designated endowment fund	1,869,949	—	1,869,949
	$ 1,869,949	$ 3,650,118	$ 5,520,067

Endowment Asset Composition As Of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ —	$ 3,384,540	$ 3,384,540
Board-designated endowment fund	2,333,262	—	2,333,262
	$ 2,333,262	$ 3,384,540	$ 5,717,802

Changes In Endowment Assets For The Years Ended December 31, 2022 And 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Assets - January 1, 2021	$ 2,065,259	$ 3,002,728	$ 5,067,987
Investment income	268,003	81,812	349,815
Contributions	—	300,000	300,000
Endowment Assets - December 31, 2021	2,333,262	3,384,540	5,717,802
Investment loss	(463,313)	(134,422)	(597,735)
Contributions	—	400,000	400,000
Endowment Assets - December 31, 2022	$ 1,869,949	$ 3,650,118	$ 5,520,067

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the League to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2022 or 2021.

Return Objectives And Risk Parameters

The League has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index and Bond index based on asset allocation while assuming a low to moderate level of investment risk. The League expects its endowment funds, over time, to provide a positive rate of return. Actual returns in any given year may vary from this expectation.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the League relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The League targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The League has a policy of appropriating for distribution each year up to the total return from funds with donor restrictions invested in perpetuity. The amount of the appropriation is at the discretion of the Board of Directors. Total return is defined as interest, dividends, and realized and unrealized gains and losses, net of fees. In establishing this policy, the League considered the long-term expected return on its endowment. Accordingly, over the long term, the League expects the current spending policy to allow its endowment to grow on an annual basis. This is consistent with the League's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return. The League has a policy that permits prudent spending from underwater endowments, unless otherwise precluded by donor intent or relevant laws and regulations.

Net assets with donor restrictions at December 31 consist of the following:

	2022	2021
Purpose Restricted		
North County facility (related party)	**$ 87,172**	$ 87,172
Economic opportunity	**2,166,354**	4,284,364
Education excellence	**354,739**	595,834
Community empowerment	**1,249,343**	1,032,065
Ferguson Community Empowerment Center	**2,457,877**	1,822,123
Restoring Hope	**8,640,488**	5,382,942
Public safety and neighborhood stabilization	**402,196**	738,050
Grace Hill operations	**891,079**	891,079
Miscellaneous	**4,085,870**	1,544,022
	20,335,118	16,377,651
Time-restricted for future periods	**1,374,624**	1,339,811
Perpetual in nature	**3,850,118**	3,984,540
	$ 25,559,860	$ 21,702,002

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or occurrence of the passage of time or other events specified by donors. The net assets released from restrictions were as follows:

	2022	2021
Purpose Restricted		
North County facility (related party)	**$ 50,560**	$ 50,560
Economic opportunity	**1,428,410**	1,444,550
Education excellence	**129,462**	175,959
Community empowerment	**597,679**	715,037
IT infrastructure	—	143,190
Ferguson Community Empowerment Center	**564,246**	—
Restoring Hope	**1,417,835**	1,293,793
COVID relief	—	2,280,960
Public safety and neighborhood stabilization	**440,929**	443,119
Grace Hill operations	—	629,078
Miscellaneous	**1,391,889**	463,738
	6,021,010	7,639,984
Time-restricted for future periods	**1,339,811**	1,306,074
	$ 7,360,821	$ 8,946,058

6. Notes Payable

During July 2016, the League entered into two QLICI construction loans to fund the Ferguson Empowerment Center project. The first loan was for $4,016,000 and the second was for $1,774,000. Both loans bear interest at a rate of 0.789%, and interest-only payments are required until the loans mature in July 2056. The loans are collateralized by the related real estate, as well as leases and rents from the property upon completion of construction. The League has to maintain compliance with the new market tax credit requirements for seven years and then may exercise a put option, which would result in the QLICI loans being forgiven (Note 11). Smith & Associates has guaranteed compliance over the seven-year compliance period. The full balance of both loans was outstanding as of December 31, 2022 and 2021. During 2023, the QLICI loans were forgiven in connection with the collapse of this NMTC transaction (Note 11).

During October 2019, the League entered into a note payable up to $192,500 with a financial institution. The note bears interest at a rate of 4%, which is due monthly and is collateralized by a certificate of deposit held by the lender. The note bore an original maturity of October 2019, which was extended to April 2022. Pursuant to the maturity extension, the interest rate on the note was amended to 2.65%. As of December 31, 2021, the balance on the note payable was $152,473 and was due in one lump-sum payment upon maturity, along with any accrued unpaid interest. The full balance was paid off in April 2022.

During April 2020, the League received proceeds of $1,984,152 under a promissory note entered into between the League and a local bank pursuant to the PPP established under the CARES Act and administered by the SBA. Amounts outstanding under this loan bore interest at a rate of 1%. During the period beginning April 2020 and ending on the ten-month anniversary of the date of the loan (the deferral period), interest on the outstanding principal balance was to accrue, but neither principal nor interest was due or payable. At the end of the deferral period, the outstanding principal that was not forgiven under the PPP would convert to a term loan. The League applied to the bank for forgiveness of the amount due on the loan in an amount based on costs incurred by the League during the eight-week to twenty-four week period beginning on the date of the first disbursement of the loan. During 2021, the League received loan forgiveness from the SBA for $1,984,152, and recorded a gain on extinguishment of debt.

During May 2020, the League received a $1,750,000 bridge loan to purchase its new headquarters. The bridge loan is secured by a certificate of deposit held at the same bank and incurs interest at a rate of 2%. Principal and any unpaid accrued interest are due in full upon maturity in May 2022. As of December 31, 2021, the outstanding balance of the bridge loan was $1,742,428. During 2022, the bridge loan was paid in full.

An unsecured, non-interest bearing promissory note payable to the Pension Benefit guaranty corporation is payable in quarterly installments of $10,000 until maturity in October 2025. The outstanding balance at December 31, 2022 and 2021 is $110,000 and $160,000, respectively.

In June 2021, the League entered into two QLICI construction loans to fund the acquisition and rehabilitation of the new headquarters. The first loan was for $4,128,578 and the second was for $1,316,422. Both loans bear interest at a rate of 1%, and interest-only payments are required until the loans mature in June 2051. The loans are collateralized by the related real estate, as well as leases and rents from the property upon completion of the rehabilitation. The League has to maintain compliance with the new market tax credit requirements for seven years and then may exercise a put option, which would result in the QLICI loans being forgiven (Note 11). Smith & Associates has guaranteed compliance over the seven-year compliance period. The full balance of both loans was outstanding as of December 31, 2022 and 2021.

During December 2021, the League received a $1,900,000 bridge loan. The bridge loan is secured by a certificate of deposit held at the same bank and incurs interest at a rate of 3.73%. Principal and any unpaid accrued interest are to be paid in monthly installments of $19,045 starting in January 2022 until maturity in September 2023. The balance of the bridge loan was $1,754,372 and $1,900,000 at December 31, 2022 and 2021, respectively.

In December 2021, the two mortgage notes payable assumed during the Grace Hill merger were refinanced into one loan for $1,084,185. The refinanced mortgage payable is secured by the Grace Hill real property and incurs interest at a rate of 2.85%. Principal and interest payments of $19,429 are due until maturity in December 2026. The balance of the loan at December 31, 2022 and 2021 is $879,670 and $1,084,185, respectively.

The scheduled maturities of long-term notes payable at December 31, 2022 are as follows:

Year	Amount
2023	$ 1,995,197
2024	256,913
2025	263,177
2026	228,755
Thereafter	11,235,000
	$ 13,979,042

7. Commitments And Contingencies

Operating Leases

The League leases office space and office equipment. Lease expense for the years ended December 31, 2022 and 2021 amounted to approximately $465,000 and $544,000, respectively, and is included in occupancy, as well as rental and equipment maintenance lines on the consolidated statement of functional expense.

As of the commencement date, right-of-use assets and liabilities of $1,247,081 and $1,209,192, respectively, were capitalized. As of December 31, 2022, the weighted average remaining term for the operating leases is 1.83 years and the weighted average discount rate is 3.73%. The leases mature at various dates from September 2023 to December 2026. During 2022 and 2021, cash paid for the operating leases totaled $464,904 and $402,124, respectively.

The reconciliation of the undiscounted cash flows of the lease liability recorded on the consolidated statement of financial position is as follows:

Year	**Amount**
2023	$ 507,740
2024	265,236
2025	76,517
2026	13,642
2027	13,642
Thereafter	7,958
Total minimum lease payments	884,735
Less: Amount of lease payments representing interest	11,634
Present value of future minimum lease payments	873,101
Less: Current portion	484,971
	$ 388,130

On January 1, 2022, the League adopted the new lease standard using a modified-retrospective approach by recognizing and measuring leases at the adopting date with a cumulative effect of initially applying the guidance recognized at the date of the initial application and did not restate the prior periods presented in the financial statements. Accordingly, the following information is presented for the year ended December 31, 2021 under ASC Topic 840.

Aggregate future minimum lease commitments at December 31, 2021 were as follows:

Year	**Amount**
2022	$ 269,469
2023	23,929
2024	10,771
2025	10,771
2026	10,770
	$ 325,710

Litigation

The League has been named as a party to various legal proceedings. In the opinion of management, any liability from claims or proceedings in excess of the amount covered by insurance will not have a material adverse effect on the League's financial position, results of activities, cash flows or functional expenses.

8. Retirement Plans

Defined Benefit Plan

The League has a defined benefit pension plan, which covers certain active full-time employees. The plan provides benefits based on the participants' years of service and compensation. The League's funding policy is to contribute amounts sufficient upon an actuarially determined basis to provide the benefits under the plan in accordance with the minimum funding requirements of the Employee Retirement Income Security Act. Effective July 1, 2015, the plan was frozen, with no new employees eligible to enter the plan after January 1, 2016.

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

	2022	2021
Change in benefit obligation:		
Projected benefit obligation - beginning of year	$ **21,287,110**	$ 21,070,394
Service cost	**595,713**	682,605
Interest cost	**672,627**	634,236
Actuarial gains (losses)	**(5,257,822)**	(491,402)
Benefits paid	**(547,419)**	(608,723)
Projected benefit obligation - end of year	**16,750,209**	21,287,110
Change in plan assets:		
Fair value of assets - beginning of year	**21,426,919**	19,286,815
Actual return (loss) on assets	**(3,573,116)**	2,261,700
Employer contributions	**348,252**	487,127
Benefits paid	**(547,419)**	(608,723)
Fair value of assets - end of year	**17,654,636**	21,426,919
Funded status - end of year	$ **904,427**	$ 139,809
Items not yet recognized as a component of net periodic pension cost - unrecognized loss	$ **2,406,625**	$ 2,946,014
The components of pension plan costs were as follows:		
Service cost	$ **595,713**	$ 682,605
Interest cost	**672,627**	634,236
Expected return on plan assets	**(1,210,378)**	(1,232,071)
Amortization of net gain	**65,061**	324,013
	(472,690)	(273,822)
	$ **123,023**	$ 408,783

Employer contributions and benefits paid, as well as assumptions, for the years ended December 31:

	2022	2021
Employer contributions	**$ 348,252**	$ 487,127
Benefits paid	**547,419**	608,723
Weighted average assumptions		
Discount rate	**3.25%**	3.00%
Expected return on plan assets	**6.50%**	6.50%
Rate of compensation increase	**3.00%**	3.00%

Defined Benefit Plan Assets

The Plan's investment strategy is to minimize investment risk while generating acceptable returns.

The fair values of the League's pension plan assets at December 31, 2022 and 2021 by asset category are as follows:

		Fair Value Measurements At December 31, 2022		
	Total	**Quoted Prices In Active Markets For Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Asset Category				
Money markets	$ 287,398	$ 287,398	$ —	$ —
Mutual funds	17,367,238	17,367,238	—	—
Total	$ 17,654,636	$ 17,654,636	$ —	$ —

		Fair Value Measurements At December 31, 2021		
	Total	**Quoted Prices In Active Markets For Identical Assets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Asset Category				
Money markets	$ 203,187	$ 203,187	$ —	$ —
Mutual funds	21,223,732	21,223,732	—	—
Total	$ 21,426,919	$ 21,426,919	$ —	$ —

The League's target allocations by asset class versus the actual allocation as of December 31, 2022 and 2021 are as follows:

	Plan Assets		Target	Actual Allocation	
	2022	**2021**	**Allocation**	**2022**	**2021**
Mutual finds - equity	$ 11,283,431	$ 14,519,082	30 - 70%	64%	68%
Mutual funds - fixed income	6,083,807	6,704,650	30 - 70%	34%	31%
Money markets	287,398	203,187	2 - 6%	2%	1%
	$ 17,654,636	$ 21,426,919		100%	100%

The League seeks to manage plan assets in a prudent, conservative yet productive manner seeking to increase the value of plan assets, while recognizing the need to preserve asset value in order to enhance the ability of the plan to meet its obligations to plan participants and their beneficiaries when due. The long-term rate assumption of 6.5% is based upon the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27, *Selection Economic Assumptions for Measuring Pension Obligations*.

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

Employer contributions 2023 (minimum)	$ 300,000
Expected amortization of net loss	70,535
Expected benefit payments:	
2023	$ 700,000
2024	610,000
2025	620,000
2026	790,000
2026	770,000
2027-2031	4,590,000
	$ 8,080,000

Defined Contribution Plan

The League has a qualified, contributory, trusteed 403(b) retirement savings plan covering eligible employees. The plan provides for matching of employee contributions along with discretionary contributions in such amounts as determined by the League on an annual basis. During the years ended December 31, 2022 and 2021, the League made matching and profit sharing contributions to the plan totaling $257,387 and $197,790, respectively.

9. Contributed Services, Materials and Rent

Contributed services, material and rent for the years ended December 31:

	2022	2021
Clothing	$ 420,000	$ —
COVID supplies	192,000	986,305
Equipment and supplies	219,611	855,245
Food	72,864	1,630,654
Miscellaneous	113,970	42,807
Professional services and materials	316,554	1,222,688
Rent	622,448	738,605
Vehicles	250,000	—
	$ 2,207,447	$ 5,476,304

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

One of the leases is with a member of the Board of Directors, which is a lease of a Head Start facility. The fair market value of the contributed rent is recorded as a pledge receivable and contributions with donor restrictions. At both December 31, 2022 and 2021, the discounted pledge totaled $87,172.

The League recorded contributed services in the amounts of $146,754 and $2,142,148 in 2022 and 2021, respectively. During 2021, $734,885 of the contributed services recorded related to the remodel of the League's corporate headquarters building, and were capitalized as building improvements within property and equipment on the consolidated statement of financial position.

10. Related-Party Transactions

The League has an affiliate relationship with its charter organization, the National Urban League. During the years ended December 31, 2022 and 2021, the League received grants as a result of its affiliate relationship. The League paid dues of $5,400 and $5,000 in 2022 and 2021, respectively, to the National Urban League.

Members of the Board of Directors of the League and employers of the Board of Directors of the League made contributions of approximately $223,000 and $6,869,000, respectively, for the year ended December 31, 2022. These contributions are included in the consolidated statement of activities for the year ended December 31, 2022 as contributions and special purpose revenue.

Members of the Board of Directors of the League and employers of the Board of Directors of the League made contributions of approximately $614,000 and $6,399,000, respectively, for the year ended December 31, 2021. These contributions are included in the consolidated statement of activities for the year ended December 31, 2021 as contributions and special purpose revenue.

11. New Market Tax Credits

Ferguson Empowerment Center

The League, along with The Salvation Army, U.S. Bancorp Community Development Corporation (USBCDC), and others closed on the Ferguson Empowerment Center project (the Project) on July 28, 2016. The Project benefited from debt that the League entered into (Note 6), as well as from new market tax credits (NMTC). In order to facilitate the transfer and holding of the funds for the construction of the building, the Leverage Lender was formed in July 2016 (Note 1). The transaction also included a Put and Call Agreement between the Leverage Lender and USBCDC, which includes both a "put" and a "call" option. These options are expected to be exercised and will ultimately result in the Leverage Lender owning USBCDC's interest in Twain Investment Fund 166, LLC, including the two QLICI loans to the League (Note 6). This ownership acquisition will allow the League to "collapse" the NMTC deal and repay all outstanding obligations with no additional capital outlay.

In March 2023, the Investment Fund Put and Call Agreement was exercised, and this new market tax credit deal was collapsed. The accounting implications for this business consolidation have not yet been determined. As a result of this transaction, all outstanding obligations were forgiven.

Urban League Headquarters

The Urban League contributed to a supporting organization (Urban League CDE) to take advantage of additional NMTC financing in 2021. NMTC financing allows an entity to receive a loan or investment capital from outside investors, who will receive new market tax credits to be applied against their federal tax liability. As a result, the Urban League has contributed $4,128,578 and was able to secure two 30-year loans in the amounts of $4,128,578 and $1,316,422 for a total of $5,445,000 payable to a community development entity. The loan proceeds were used solely for the purpose of acquiring and rehabbing the Victor Roberts Building, which will be the new headquarters for the Urban League. In June 2028, the Twain Investment Fund and the upstream effective owner of USBCDE Sub-CDE 216, LLC is expected to exercise its put option. Under the terms of the put option agreement, Urban League CDE is expected to purchase the ownership interest of the Twain Investment Fund. Exercise of the option will effectively allow the Urban League to extinguish its outstanding debt (Note 6). This ownership acquisition will allow the Urban League to “collapse” the NMTC deal and repay all outstanding obligations with no additional capital outlay.

12. Liquidity And Availability Of Financial Assets

The League regularly monitors the availability of resources required to meet its operating needs and other grant and contractual commitments, while also striving to maximize the investment of its available funds. The League has various sources of liquidity at its disposal, including cash and cash equivalents, fixed income and equity securities, government grants receivable and pledges receivable. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the League considers all expenditures related to its ongoing operations in human services, administration and fundraising activities.

The League's assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	2022	2021
Cash and cash equivalents	**$ 17,336,885**	$ 10,326,885
Government grants receivable	**7,212,460**	4,129,979
Pledges receivable, net	**5,867,569**	4,844,237
Investments	**10,085,642**	12,592,071
Total financial assets	**40,502,556**	31,893,172
Less amounts not available to be used within one year:		
Amounts designated by the Board for endowment	**1,869,949**	2,333,262
Amounts with donor purpose restrictions	**20,335,118**	16,377,651
Perpetual in nature net assets	**3,850,118**	3,984,540
Investment in Leverage Lender	**2,616,000**	2,616,000
Total financial assets not available to be used within one year	**28,671,185**	25,311,453
Financial assets available to meet cash needs for general expenditures within one year	**$ 11,831,371**	$ 6,581,719

In addition to financial assets available to meet general expenditures over the next 12 months, the League strives to operate with a balanced budget and anticipates collecting sufficient revenue to cover program, management and general, and fundraising expenditures not covered by government grants and donor-restricted resources. The League's governing Board has designated a portion of its net assets without donor restrictions for endowment. The funds are invested for long-term appreciation, and the earnings and corpus are available to be spent at the discretion of the Board. These amounts are identified as "Amounts designated by the Board for endowment" in the table above.

RubinBrown
7676 Forsyth Blvd
Suite 2100
St. Louis, MO 63105
T: 314.290.3300
E: info@rubinbrown.com
www.RubinBrown.com
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report
On Supplementary Information

Board of Directors
The Urban League of Metropolitan St. Louis, Inc. and Affiliate
St. Louis, Missouri

We have audited the consolidated financial statements of The Urban League of Metropolitan St. Louis, Inc. and Affiliate as of and for the years ended December 31, 2022 and 2021, and our report thereon dated October 30, 2023, which contained an unmodified opinion on those consolidated financial statements, appears on pages 1 through 3. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The weatherization program schedule of revenue and expenditures and the weatherization program fund balance reconciliation, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

October 30, 2023

STATE OF ILLINOIS CONSOLIDATED YEAR-END FINANCIAL REPORT

Agency	Illinois Criminal Justice Information Authority (546)
Program	ARPA-Urban League of Metropolitan St. Louis at Fairview Heights (546-00-2794) *This program as added due to awards found in the CSFA. It cannot be removed.*
Program Limitations	○ Yes ◉ No Identify Limitations (required if Yes)
Mandatory Match %	○ Yes ◉ No Rate (required if Yes):
Indirect Cost Rate	24.70 %
Indirect Cost Rate Base	Personnel Costs

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	0.00	77490.65	0.00	77,490.65
Fringe Benefits	0.00	19291.21	0.00	19,291.21
Travel	0.00	251.87	0.00	251.87
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	6405.68	0.00	6,405.68
Contractual Services	0.00	26259.62	0.00	26,259.62
Consultant (Professional Services)	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	0.00	0.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	0.00	0.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	0.00	0.00	0.00	0.00
Miscellaneous Costs	0.00	0.00	0.00	0.00
Total Direct Expenses	**0.00**	**129,699.03**	**0.00**	**129,699.03**
Indirect Costs	0.00	24,539.77	0.00	24,539.77
Total Expenses	**0.00**	**154,238.80**	**0.00**	**154,238.80**

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

WEATHERIZATION PROGRAM SCHEDULE OF REVENUE AND EXPENDITURES
For The Period Beginning January 1, 2021 And Ended December 31, 2022

Program	Dept of Energy Weatherization	Dept of Energy Weatherization	LIHEAP CARES Weatherization	LIHEAP Weatherization	LIHEAP Weatherization
Subgrantee Number	G-20-EE0007930-4-08	G-20-EE0007930-5-08	G-21-LIHEAP-CARE-08	G-21-LIHEAP-21-08	G-22-LIHEAP-22-08
Program Year Ended	6/30/2022	6/30/2023	9/30/2022	9/30/2022	9/30/2023
Energy Center					
Beginning Agency					
Fund Balance	$ —	$ —	$ —	$ —	$ —
Grant Income	434,845	333,336	602,442	387,976	393,664
Expenditures					
Administration	29,783	10,247	18,943	28,399	7053
Insurance	6,115	544	1,525	2,500	1,875
Financial Audit	2,762	2,987	454	1,900	1,595
Leveraging	2,037	1,200	—	—	—
T&TA	3,655	10,405	—	—	—
Program Operations	390,493	307,953	581,520	355,177	383,141
Total Expenditures	434,845	333,336	602,442	387,976	393,664
Ending Agency					
Fund Balance	$ —	$ —	$ —	$ —	$ —
Subgrantee					
Beginning Agency					
Fund Balance	$ —	$ —	$ —	$ —	$ —
Grant Income	434,845	333,336	602,442	387,976	393,664
Expenditures					
Administration	29,783	10,247	18,943	28,399	7,053
Insurance	6,115	544	1,525	2,500	1,875
Financial Audit	2,762	2,987	454	1,900	1,595
Leveraging	2,037	1,200	—	—	—
T&TA	3,655	10,405	—	—	—
Program Operations	390,493	307,953	581,520	355,177	383,141
Total Expenditures	434,845	333,336	602,442	387,976	393,664
Ending Agency					
Fund Balance	$ —	$ —	$ —	$ —	$ —

WEATHERIZATION PROGRAM FUND BALANCE RECONCILIATION
For The Period Beginning January 1, 2021 And Ended December 31, 2022

Program Subgrantee Number Program Year Ended	Dept of Energy Weatherization G-20-EE0007930-4-08 6/30/2022	Dept of Energy Weatherization G-20-EE0007930-5-08 6/30/2023	LIHEAP CARES Weatherization G-21-LIHEAP-CARE-08 9/30/2022	LIHEAP Weatherization G-21-LIHEAP-21-08 9/30/2022	LIHEAP Weatherization G-22-LIHEAP-22-08 9/30/2023
Beginning Agency Fund Balance (Carryover)	$ —	$ —	$ —	$ —	$ —
Grant Revenue Received During Program Year	434,845	333,336	602,442	387,976	393,664
Program Income Less Expenditures During Program Year	434,845	333,336	602,442	387,976	393,664
Agency Ending Fund Balance (Carryover)	$ —	$ —	$ —	$ —	$ —
Ending Cash On Hand	$ —	$ —	$ —	$ —	$ —
Ending Inventory	$ —	$ —	$ —	$ —	$ —

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL Number	Identifying Grant Number	Federal Expenditures	Expenditures To Sub-Recipients
Department of Housing and Urban Development:				
CDBG-Entitlement Grants - Cluster:				
Passed through City of St. Louis, Community Development Administration - Job Training	14.218	19-11-70	$ 92,320	$ —
Total CDBG - Entitlement Grants Cluster			92,320	—
Passed through National Urban League - Housing Counseling Assistance Program	14.169	N/A	16,988	—
Housing Counseling Stabilization Program	14.169	N/A	33,300	—
Total AL #14.169			50,288	—
COVID-19: Emergency Solutions Grant	14.231	N/A	201,352	—
Total Department of Housing and Urban Development			343,960	—
Department of Treasury				
Passed through City of St. Louis -				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	400,000	—
Passed through Illinois Criminal Justice Information Authority -				
COVID-19 - Save Our Sons	21.027	822010	154,240	—
Total AL #21.027			554,240	
Total Department of Treasury			554,240	—
Department of Homeland Security:				
Passed through the United Way of America:				
Emergency Food and Shelter National Board Program - City of St. Louis Phase 39	97.024	13/37-551600-013	1,160	—
Emergency Food and Shelter National Board Program - St. Clair County Phase 39	97.024	39-2542-00-007	29,053	—
Total AL #97.024			30,213	—
Total Department of Homeland Security			30,213	—

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL Number	Identifying Grant Number	Federal Expenditures	Expenditures To Sub-Recipients
Department of Justice				
Passed through Crime Victim Assistance - Neighborhood Healing Network	16.575	F20-079	$ 109,165	$ —
Total Department of Justice			109,165	—
Department of Energy:				
Passed through the State of Missouri Department of Natural Resources - Weatherization Assistance for Low-Income Persons	81.042	G-19-EE0007930-3-08	479,863	—
Total Department of Energy			479,863	—
Small Business Administration				
Direct - Women's Business Center	59.043	SBAHQ-15W-0019	174,082	—
Direct - COVID-19 - Women's Business Center	59.043	SBAHQ-20C-0167	39,812	—
Total AL #59.043			213,894	
Direct - Community Navigator Pilot Program	59.077	N/A	10,849	—
Total Small Business Administration			224,743	—
Department of Agriculture:				
Passed through the State of Missouri Department of Health and Senior Services - Head Start USDA Reimbursement for Child And Adult Care Food Program	10.558	ERS46-11 1171	327,129	—
Food Distribution - Cluster:				
Passed through The St. Louis Area Food Bank - Emergency Food Assistance Program (Food Commodities)	10.569	FY16-144	1,644,518	—
Total Department of Agriculture			1,971,647	—

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (*Continued*)
For The Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL Number	Identifying Grant Number	Federal Expenditures	Expenditures To Sub-Recipients
Department of Health and Human Services:				
COVID-19 - Health Resource Service Administration - Community Navigators	93.011	N/A	$ 1,097,610	$ —
COVID-19: Emergency Rental and Assistance Program				
Passed through National Partnering for Vaccine Equity - Communicable Disease Center	93.185	N/A	66,000	—
COVID-19 CDC Vaccine Equity Program	93.421	N/A	100,000	—
477 Cluster:				
Passed-through Area Resources for Community and Human Services (ARCHS) - SOS State	93.558	N/A	792,694	—
Passed-through ARCHS - Skill UP	93.558	N/A	179,817	—
Passed-through ARCHS - Transition for Change	93.558	N/A	199,951	—
Total AL #93.558			1,172,462	
Passed-through ARCHS - Serving Our Streets	93.569	FY21-008	940,990	—
Total 477 Cluster			2,113,452	—
Passed through the State of Missouri Department of Social Services - Low-Income Home Energy Assistance (LIHEAP)	93.568	G-11BIMOLIEA	3,419,179	—
Passed-through the State of Missouri Department of Social Services - COVID-19 - LIHEAP ARPA	93.568	N/A	398,901	—
Passed through the State of Missouri Department of Natural Resources - Weatherization LIHEAP	93.568	G-18-LIHEAP-18-08	369,356	—
Total AL #93.568			4,187,436	—

THE URBAN LEAGUE OF METROPOLITAN ST. LOUIS, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*
For The Year Ended December 31, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL Number	Identifying Grant Number	Federal Expenditures	Expenditures To Sub-Recipients
Head Start Cluster:				
Direct - Head Start	93.600	07CH01197502	$ 4,417,352	$ —
Direct - Head Start	93.600	07CH01158704	1,279,342	—
Direct - Head Start	93.600	07CH01158703	5,723,372	—
Direct - Head Start	93.600	07CH01197501	1,262,017	—
Direct - Head Start	93.600	N/A	437,766	—
Total Head Start Cluster			13,119,849	—
Total Department of Health and Human Services			20,684,347	—
Total Expenditures of Federal Awards			$ 24,398,178	$ —

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2022

1. Organization

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of The Urban League of Metropolitan St. Louis, Inc. and Affiliate (the League) for the year ended December 31, 2022. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies and other not-for-profit organizations, are included on the schedule.

2. Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the League and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

The League did not elect to use the 10% de minimis indirect cost rate.

3. Low-Income Home Energy Assistance Program Subrecipient Reporting Requirements

The federal funds awarded for the fiscal grant year under the terms and conditions of the grant contract number indicated below are provided from:

Granting Federal Agency	Department of Health and Human Services
Grant Award Number	G-11BIMOLIEA
Grant Award Year	2022
Assistance Listing (AL) Number	93.568
AL Grant Name	Low-Income Home Energy Assistance Program

Grant Year FY 2022		
Grant Award (federal funds passed through)	$	3,419,179
Nonfederal matching funds required to be provided by subrecipient		—
Nonfederal matching funds provided by the Department of Social Services		—
Total contract amount grant year FY2022	$	3,419,179

RubinBrown

7676 Forsyth Blvd
Suite 2100
St. Louis, MO 63105

T: 314.290.3300
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Consolidated Financial Statements Performed In Accordance With *Government Auditing Standards*

Board of Directors
The Urban League of Metropolitan
St. Louis, Inc. and Affiliate
St. Louis, Missouri

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 Metropolitan St. Louis, Inc. (the League), which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 30, 2023.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the League'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 League's internal control. Accordingly, we do not express an opinion on the effectiveness of the League'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.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the League'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 League'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 League's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

October 30, 2023

RubinBrown

7676 Forsyth Blvd
Suite 2100
St. Louis, MO 63105

T: 314.290.3300
E: info@rubinbrown.com
www.RubinBrown.com

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

**Independent Auditors' Report
On Compliance For Each Major
Federal Program And Report On
Internal Control Over Compliance**

Board of Directors
The Urban League of Metropolitan
St. Louis, Inc. and Affiliate
St. Louis, Missouri

Report On Compliance For Each Major Federal Program

Opinion On Each Major Federal Program

We have audited The Urban League of Metropolitan St. Louis, Inc.'s (the League's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the League's major federal programs for the year ended December 31, 2022. The League's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the League complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibility 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 League and to meet our 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 each major federal program. Our audit does not provide a legal determination of the League'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 League'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 League'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 GAAS, *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 for 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 League's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 League'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 League'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, but not for the purpose of expressing an opinion on the effectiveness of the League'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. Accordingly, this report is not suitable for any other purpose.

RubinBrown LLP

October 30, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended December 31, 2022

Section I - Summary Of Auditors' Results

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with generally accepted accounting principles:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___ yes _x_ no
• Significant deficiency(ies) identified?	___ yes _x_ none reported
Noncompliance material to financial statements noted?	___ yes _x_ no

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	___ yes _x_ no
• Significant deficiency(ies) identified?	___ yes _x_ none reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _x_ no

Identification of major federal programs:

AL Number(s)	***Name of Federal Program or Cluster***
93.600	Head Start
10.569	Food Distribution Cluster
93.558, 93.569	477 Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds and Save Our Sons
93.011	Health Resource Service Administration

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	___ yes _x_ no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)
For The Year Ended December 31, 2022

Section II - Financial Statement Findings

None

Section III - Federal Award Findings And Questioned Costs

None

SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended December 31, 2022

None