

FORT WAYNE URBAN LEAGUE, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2008

With Summarized Information for December 31, 2007

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Wayne Urban League, Inc.
Fort Wayne, Indiana

We have audited the accompanying statement of financial position of Fort Wayne Urban League, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and in our report dated August 13, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Wayne Urban League, Inc. as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Fort Wayne Urban League, Inc. taken as a whole. The accompanying schedule of governmental funds received is presented for the purpose of additional analysis as required by the Indiana State Board of Accounts and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Dakin, Ward & DeWald, Inc.

Fort Wayne, Indiana
August 25, 2009

FORT WAYNE URBAN LEAGUE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2008 with Summarized Financial
Information for December 31, 2007

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 110,881	\$ 112,023
Accounts receivable	69,815	42,363
Refundable income taxes	240	-
Claims receivable	68,110	77,523
Pledges receivable	80,890	304,435
Investments	136,612	122,141
Prepaid expenses	17,282	11,862
Cash restricted to long-term purposes	76,979	158,587
Beneficial interest	1,076	1,615
Land, buildings and equipment - net	2,936,990	3,087,869
Land held for sale	10,400	10,400
	<u>10,400</u>	<u>10,400</u>
Total Assets	<u><u>\$ 3,509,275</u></u>	<u><u>\$ 3,928,818</u></u>
LIABILITIES AND NET ASSETS		
Line of credit	\$ 50,000	\$ -
Accounts payable	65,406	42,823
Withheld and accrued expenses	61,582	59,115
Income taxes payable	-	2,800
Deferred revenue	132,309	136,047
Notes payable	620,126	857,103
	<u>620,126</u>	<u>857,103</u>
Total Liabilities	929,423	1,097,888
Net assets:		
Unrestricted	2,057,302	2,015,776
Temporarily restricted	522,550	815,154
	<u>522,550</u>	<u>815,154</u>
Total Net Assets	<u><u>2,579,852</u></u>	<u><u>2,830,930</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,509,275</u></u>	<u><u>\$ 3,928,818</u></u>

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

FORT WAYNE URBAN LEAGUE, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2008 with Summarized Financial
Information for the Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted
CHANGES IN NET ASSETS		
Support and Revenues:		
Contributions	\$ 10,087	\$ 79,947
Contributions - capital campaign	-	54,600
United Way	4,610	106,720
Federal grants	-	456,918
Foundation grants	2,515	132,650
Special events:		
Proceeds	110,034	-
Less direct benefit to donors	(30,397)	-
Membership dues	28,530	-
Rent revenue	68,270	-
Advertising revenue	10,300	-
Program service revenue	37,651	-
Investment income	4,416	-
Miscellaneous	9,111	-
Net Assets Released From Restrictions:		
Satisfaction of program restrictions	763,732	(763,732)
Satisfaction of purchase restrictions	359,707	(359,707)
	<hr/>	<hr/>
Total Support and Revenues	1,378,566	(292,604)
Expenses:		
Civic engagement	140,919	-
Housing counseling	86,133	-
Employment and training	407,919	-
Education and youth services	463,568	-
Management and general	77,179	-
Fund raising and capital campaign	152,449	-
National dues	6,375	-
Unrelated business income taxes	2,498	-
	<hr/>	<hr/>
Total Expenses and Losses	1,337,040	-
	<hr/>	<hr/>
CHANGE IN NET ASSETS	41,526	(292,604)
NET ASSETS - beginning of year	<hr/>	<hr/>
	2,015,776	815,154
	<hr/>	<hr/>
NET ASSETS - end of year	<u>\$ 2,057,302</u>	<u>\$ 522,550</u>

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

Total	
2008	2007
\$ 90,034	\$ 60,055
54,600	48,661
111,330	149,457
456,918	312,762
135,165	213,796
110,034	103,017
(30,397)	(28,343)
28,530	29,973
68,270	42,715
10,300	16,875
37,651	15,727
4,416	12,958
9,111	10,701
-	-
-	-
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1,085,962	988,354
140,919	133,015
86,133	52,381
407,919	278,399
463,568	470,266
77,179	90,247
152,449	99,370
6,375	8,500
2,498	2,800
<hr/>	<hr/>
1,337,040	1,134,978
(251,078)	(146,624)
<hr/>	<hr/>
2,830,930	2,977,554
<hr/>	<hr/>
<u>\$ 2,579,852</u>	<u>\$ 2,830,930</u>

FORT WAYNE URBAN LEAGUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2008 with Summarized Financial
Information for the Year Ended December 31, 2007

	Program Services			Education and Youth Services
	Civic Engagement	Housing Counseling	Employment and Training	
Salaries	\$ 82,616	\$ 44,644	\$ 131,338	\$ 174,269
Employee health and retirement benefits	16,922	11,820	26,408	43,417
Payroll taxes	<u>6,392</u>	<u>2,869</u>	<u>11,783</u>	<u>14,368</u>
Total Salaries and Related Expenses	105,930	59,333	169,529	232,054
Program expenses	-	-	63,931	58,084
Professional fees	4,454	5,645	9,204	28,989
Awards and grants	-	-	48,811	12,090
Bad debts	-	-	-	-
Supplies	2,869	2,254	18,075	18,213
Repairs and maintenance	2,546	1,868	7,084	7,531
Interest	2,989	1,868	11,955	14,197
Occupancy	2,693	1,699	7,988	9,332
Travel	3,131	1,711	10,436	8,826
Insurance	1,042	641	2,982	3,293
Conferences, conventions and meetings	128	49	567	966
Telephone	1,187	718	2,552	4,322
Miscellaneous	375	1,931	892	1,170
Dues	371	16	610	1,679
Printing and publication	107	61	260	334
Postage and shipping	47	236	638	637
Advertising	<u>91</u>	<u>4</u>	<u>569</u>	<u>296</u>
Total Expenses Before Depreciation	127,960	78,034	356,083	402,013
Depreciation	<u>12,959</u>	<u>8,099</u>	<u>51,836</u>	<u>61,555</u>
Total Expenses	<u>\$ 140,919</u>	<u>\$ 86,133</u>	<u>\$ 407,919</u>	<u>\$ 463,568</u>

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

Supporting Services

Management and General	Fund Raising and Capital Campaign	Total Expenses 2008	Total Expenses 2007
\$ 20,422	\$ 25,437	\$ 478,726	\$ 439,167
3,638	5,298	107,503	98,101
1,693	2,051	39,156	37,008
<hr/>	<hr/>	<hr/>	<hr/>
25,753	32,786	625,385	574,276
-	-	122,015	85,108
15,174	9,411	72,877	71,037
(1,745)	-	59,156	35,041
-	55,479	55,479	-
2,206	5,030	48,647	46,887
4,645	15,805	39,479	25,833
3,363	2,989	37,361	46,224
2,708	2,439	26,859	26,198
392	1,241	25,737	12,058
3,410	657	12,025	11,847
253	8,770	10,733	13,030
477	462	9,718	9,790
4,128	(954)	7,542	4,423
974	109	3,759	369
28	2,764	3,554	4,195
419	1,489	3,466	3,388
414	1,013	2,387	1,479
<hr/>	<hr/>	<hr/>	<hr/>
62,599	139,490	1,166,179	971,183
14,580	12,959	161,988	152,495
<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 77,179</u>	<u>\$ 152,449</u>	<u>\$ 1,328,167</u>	<u>\$ 1,123,678</u>

FORT WAYNE URBAN LEAGUE, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2008 with Summarized Financial
Information for the Year Ended December 31, 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (251,078)	\$ (146,624)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	161,988	152,495
Bad debts	55,479	-
Amortization of deferred revenue	(3,738)	(3,737)
Contributions restricted for long-term purposes	(54,600)	(48,661)
Change in beneficial interest	539	7
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(35,431)	6,117
Refundable income taxes	(240)	-
Claims receivable	9,413	(55,288)
Pledges receivable	80,045	(50,420)
Prepaid expenses	(5,420)	3,379
Increase (decrease) in:		
Accounts payable	22,583	(20,532)
Withheld and accrued expenses	2,467	10,846
Income taxes payable	(2,800)	2,800
	(20,793)	(149,618)
Cash Flows From Operating Activities	(20,793)	(149,618)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	23,000	196,000
Purchase of investments	(37,471)	(140,406)
Purchase of fixed assets	(11,109)	(134,299)
	(25,580)	(78,705)
Cash Flows From Investing Activities	(25,580)	(78,705)

(continued)

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

FORT WAYNE URBAN LEAGUE, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2008 with Summarized Financial
Information for the Year Ended December 31, 2007

	2008	2007
(continued)		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	\$ 50,000	\$ -
Proceeds from notes payable	-	103,000
Payments on notes payable	(236,977)	(235,621)
Collection of pledges for long-term purposes	96,000	214,700
(Increase) decrease in cash restricted for long-term purposes	81,608	(43,053)
Contributions restricted to long-term purposes	<u>54,600</u>	<u>48,661</u>
Cash Flows From Financing Activities	<u>45,231</u>	<u>87,687</u>
INCREASE (DECREASE) IN CASH	(1,142)	(140,636)
CASH AND CASH EQUIVALENTS - beginning of year	<u>112,023</u>	<u>252,659</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 110,881</u></u>	<u><u>\$ 112,023</u></u>

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

FORT WAYNE URBAN LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fort Wayne Urban League, Inc. provides services to low income persons in the Fort Wayne, Indiana area. Its program functions and their relative importance, based on total expenses, are as follows:

Education and Youth Services
Employment and Training
Civic Engagement
Housing Counseling

Taxes

The League is a nonprofit voluntary health and welfare organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. The League has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

As allowed by FIN 48-3, the League has deferred the implementation of FIN No. 48, Accounting for Uncertainty in Income Taxes, until 2009. Currently, the League accounts for contingencies associated with certain tax positions in accordance with SFAS No. 5, Accounting for Contingencies.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, Fort Wayne Urban League, Inc. considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and net assets are not reclassified in the statement of activities.

Receivables

The League recognizes pledges as public support in the year the pledge is made.

Receivables are due from governmental and other significant funding sources. The League provides an allowance for doubtful accounts, if considered necessary, which is based upon historical collection experience and management's estimate of losses that will be incurred in the collection of all receivables.

Investments

Investments are carried at fair value. Substantially all of the investments have readily determinable values. Fair values are determined by brokerage statements from reputable brokerage firms.

Fixed Assets

Fixed assets are stated at cost or, if received by contribution, at fair market value at the date received. The cost of fixed assets is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. It is not the League's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support. Fixed assets with an item cost or donated value of \$500 or more and an estimated useful life of one year or more are capitalized when acquired.

Advertising

Advertising costs are charged to operations when incurred.

Financial Statement Presentation

The financial statements include certain prior-year summarized comparative information in total, but not by net, asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the League's financial statements for the year ended December 31, 2007, from which the summarized information was derived.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification

Certain reclassifications have been made to conform prior year's financial statements to the current presentation. The reclassifications have no effect on previously reported operational results.

Adoption of New Accounting Standard

The League adopted applicable portions of the following accounting standard during 2008:

Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS No. 157). This standard defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities under current U.S. GAAP standards and expands the disclosure of the methods used and the effect of fair value measurements on earnings. Additional disclosure is provided in Note 6.

2. RESTRICTED CASH

Cash restricted to long-term purposes was donated to the League for capital improvements.

3. PLEDGES RECEIVABLE

All pledges receivable are due within one year.

The League has received notification of an intention to give in the amount of \$45,000 from the United Way of Allen County. The expected funding is to be used for programs in 2009 and has not been recorded as an asset of the League as of December 31, 2008.

4. INVESTMENTS

Investments as of December 31, 2008 are summarized as follows:

	<u>Market</u>	<u>Cost</u>
Cash and cash equivalents	\$ 58,616	\$ 58,616
Certificates of deposit	27,916	23,425
Equities	76	1,480
Corporate bonds	<u>50,004</u>	<u>50,000</u>
	<u>\$ 136,612</u>	<u>\$ 133,521</u>

5. BENEFICIAL INTEREST

The beneficial interest consists of funds held by the Community Foundation of Greater Fort Wayne, Inc. which are the result of an agreement whereby the League has transferred assets to the Foundation and has specified itself as the beneficiary of the assets. The League may draw up to a certain percent of the value of the assets each year, but may only obtain a return of the full value of the assets upon consent of the Foundation.

Additionally, the Foundation holds investment assets, with a value of \$319, for the benefit of the League for which it has retained variance power. These assets are not recorded as assets of the League.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets measured at fair value on a recurring basis are comprised of the following:

Investments	\$ 136,612
Beneficial interest	<u>1,076</u>
	<u>\$ 137,688</u>

Fair value was determined as follows:

	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Investments	\$ 136,612	\$ -	\$ -
Beneficial interest	<u>-</u>	<u>-</u>	<u>1,076</u>
	<u>\$ 136,612</u>	<u>\$ -</u>	<u>\$ 1,076</u>

For all investments, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. The fair value of beneficial interest in assets held by the Community Foundation of Greater Fort Wayne (Foundation) is based upon the League's proportionate share of the Community Foundation's pooled investments portfolio. The League's management reviews the valuations and returns in comparison to industry benchmarks and other information provided by the Foundation.

(continued)

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Following is a reconciliation of activity for assets measured at fair value based on significant unobservable inputs for the year ending December 31, 2008:

Beginning balance - January 1, 2008	\$ 1,615
Total gains and losses included in earnings:	
Interest and dividends	50
Unrealized loss	(428)
Realized loss	(56)
Investment fees	<u>(105)</u>
Ending balance - December 31, 2008	<u>\$ 1,076</u>

7. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are detailed as follows:

Land and improvements	\$ 327,974
Buildings and improvements	2,961,761
Equipment	<u>318,889</u>
	3,608,624
Accumulated depreciation	<u>671,634</u>
	<u>\$ 2,936,990</u>

8. LAND HELD FOR SALE

The League received a donation of two parcels of land during a prior fiscal period. The land has been appraised at a value of \$10,400.

9. LINE OF CREDIT

The League maintains a \$50,000 line of credit with JP Morgan Chase Bank. The line is secured by bank accounts held at the bank. The amount outstanding under this line at December 31, 2008 was \$50,000, bearing an interest rate at 3.25%.

10. DEFERRED REVENUE

Deferred revenue in the amount of \$132,309 at December 31, 2008 consists of prepaid rental income that will be recognized over the life of the 40-year leases.

11. NOTES PAYABLE

Notes payable consist of the following:

Note payable to JP Morgan Chase Bank, interest at 4.47% payable monthly on the outstanding balance, principal payable in annual installments of \$220,000 beginning April 2006, secured by real estate, due April 2010. \$ 449,743

Note payable to JP Morgan Chase Bank in monthly installments of \$1,220 including interest at 6.47%, secured by real estate, final payment of \$63,485 due June 2010. 76,494

Note payable to JP Morgan Chase Bank in monthly installments of \$1,232 including interest at 7.5%, secured by real estate, due January 2017. 88,440

Mortgage note payable to National City Bank, interest at the bank's reference rate plus 0.5% (3.75% at December 31, 2008), due on demand, unsecured. 5,449

\$ 620,126

Maturities on the notes as of December 31, 2008:

2009	\$ 243,859
2010	\$ 305,291
2011	\$ 9,761
2012	\$ 10,519
2013	\$ 11,336

12. NET ASSETS

Temporarily restricted net assets are restricted as follows:

Education and youth services	\$ 236,323
Civic engagement	33,475
Employment and training	63,841
Housing counseling	21,757
Other	37,860
Future operations	6,000
Capital campaign	<u>123,294</u>
	<u>\$ 522,550</u>

13. OPERATING LEASES

The League leases equipment under operating leases expiring in various years through 2011. Total rental expense under noncancelable leases for 2008 was \$6,450. Minimum future rental payments under the noncancelable operating leases as of December 31, 2008 for each of the next five years and in the aggregate are as follows:

2009	\$ 6,450
2010	5,736
2011	4,302
2012 and thereafter	<u>-</u>
Total lease commitments	<u>\$ 16,488</u>

Additionally, the League rents certain equipment on a month-to-month basis. Total rental expense under cancelable operating leases was \$1,146 for 2008.

14. RENT REVENUE

The League leases its building on Pontiac Street and a portion of its land and building on South Hanna Street to other nonprofit organizations. These leases are accounted for as operating leases and expire in various years through 2044. The League recognized \$41,226 in rent revenue from these leases in 2008.

(continued)

14. RENT REVENUE (continued)

Minimum future rental income to be received on noncancelable operating leases as of December 31, 2008 for each of the next five years and in the aggregate are:

2009	\$ 28,483
2010	12,925
2011	3,738
2012	3,738
2013	3,738
2014 and thereafter	<u>109,884</u>
Total	<u>\$ 162,506</u>

15. EMPLOYEE BENEFIT PLANS

The Fort Wayne Urban League, Inc. sponsors a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code. This plan covers substantially all full-time employees. The League does not match amounts contributed by the employees.

The League also sponsors a noncontributory defined contribution pension plan that covers all full-time employees with at least one year of service. Contributions to the plan are based on certain percentages of participants' compensation. The amount charged to operations was \$18,163 for 2008.

16. INCOME TAXES

The League has unrelated business income from the rental of debt financed property. Income taxes resulting from these activities consist of the following:

Current	
Federal	\$ 2,073
State	<u>425</u>
	<u>\$ 2,498</u>

17. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities includes interest paid in the amount of \$37,361.

18. ADVERTISING COSTS

Advertising costs are charged to operations when incurred. The cost of advertising charged to operations was \$2,387 in 2008.

19. CONCENTRATIONS

The League receives a substantial portion of its support from the federal government, United Way and local foundations. A significant reduction in the level of this support, if it were to occur, may have an effect on the League's programs and activities.

FORT WAYNE URBAN LEAGUE, INC.
SCHEDULE OF GOVERNMENTAL FUNDS RECEIVED
Year Ended December 31, 2008

Federal Grantor/ Pass-Through Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Revenue Recognized
U.S. Department of Housing and Urban Development:			
Housing Counseling Grant	14.169	N/A	\$ 60,716
Passed through the City of Fort Wayne:			
Community Development Block Grants/Small Cities Program	14.218	N/A	15,500
U.S. Department of Labor:			
Passed through Northeast Indiana Workforce Investment Board:			
Workforce Investment Act Occupational Skills Training Services	17.258	N/A	242,851
Passed through Northeast Indiana Workforce Investment Board:			
Workforce Investment Act Occupational Skills Training Services	17.259	N/A	<u>137,851</u>
Total Federal Assistance			<u><u>\$ 456,918</u></u>

See accountants' report.