

**NATIONAL URBAN LEAGUE, INC.**

**Consolidated Financial Statements and Supplementary Information  
For the Years Ended December 31, 2013 and 2012  
With Report of Independent Auditors**

**NATIONAL URBAN LEAGUE, INC.**  
December 31, 2013 and 2012

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## **REPORT OF INDEPENDENT AUDITORS**

Board of Trustees  
National Urban League, Inc.

### **Report on the financial statements**

We have audited the accompanying consolidated financial statements of National Urban League, Inc. (the League or NUL), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of National Urban League, Inc. at December 31, 2013 and 2012, and the changes in net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

## **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position, consolidating schedule of activities, and schedule of activities – National Urban League and schedule of activities – Urban Empowerment Fund are presented for purposes of additional analysis and are 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 audits 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. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Mitchell & Titus, LLP*

June 30, 2014

**NATIONAL URBAN LEAGUE, INC.**  
Consolidated Statements of Financial Position  
As of December 31, 2013 and 2012

	<b>2013</b>	<b>2012</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,291,134	\$ 13,233,779
Grants and pledges receivable	7,473,210	5,018,726
Franchise fees receivable, net	818,220	698,155
Other receivables	4,736,519	4,839,725
Prepaid expenses and other assets	840,128	650,353
Investments	21,172,723	20,368,924
Property and equipment, net	4,204,662	1,835,281
Total assets	\$ 48,536,596	\$ 46,644,943
 <b>LIABILITIES AND NET ASSETS</b>		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 4,468,689	\$ 4,794,817
Accrued payroll and vacation benefits	808,698	794,323
Accrued pension benefit costs	4,153,490	7,728,819
Accrued defined contribution costs	539,276	568,605
Deferred rent credit	313,353	263,020
Contract advances and other deposits	2,924,598	2,247,769
Loan payable	98,193	-
Total liabilities	13,306,297	16,397,353
 <i>Net assets</i>		
Unrestricted-		
Undesignated	5,461,054	5,415,240
Pension related	(6,759,718)	(10,147,466)
Total unrestricted net assets	(1,298,664)	(4,732,226)
Temporarily restricted	16,506,898	14,957,751
Permanently restricted	20,022,065	20,022,065
Total net assets	35,230,299	30,247,590
<b>Total liabilities and net assets</b>	<b>\$ 48,536,596</b>	<b>\$ 46,644,943</b>

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

**NATIONAL URBAN LEAGUE, INC.**

Consolidated Statement of Activities  
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>				
<i>Revenue, gains, and other support</i>				
Government grants and contracts	\$ 17,579,383	\$ -	\$ -	\$ 17,579,383
Donated materials and services	8,861,064	-	-	8,861,064
Contributions	5,432,428	15,314,099	-	20,746,527
Legacies and bequests	97,469	-	-	97,469
Special events	1,999,500	-	-	1,999,500
Federated fundraising agencies	21,331	-	-	21,331
Program service fees	6,246,310	-	-	6,246,310
Franchise fees	961,748	-	-	961,748
Net investment return designated for current operations	820,573	-	-	820,573
Sale of publications	32,096	-	-	32,096
Other	755,301	-	-	755,301
<i>Net assets released from restrictions</i>				
Satisfaction of restrictions	<u>14,847,009</u>	<u>(14,847,009)</u>	-	-
Total revenue, gains, and other support	<u>57,654,212</u>	<u>467,090</u>	-	<u>58,121,302</u>
<i>Operating expenses</i>				
<i>Program services</i>				
Economic empowerment	23,961,414	-	-	23,961,414
Education and youth empowerment	5,456,638	-	-	5,456,638
Civic engagement and leadership empowerment	14,337,031	-	-	14,337,031
Technical assistance to affiliates	1,879,722	-	-	1,879,722
Health and quality of life empowerment	2,698,294	-	-	2,698,294
Civil rights and racial justice empowerment	280,450	-	-	280,450
Urban Empowerment Fund	268,863	-	-	268,863
Total program services	<u>48,882,412</u>	-	-	<u>48,882,412</u>
<i>Supporting services</i>				
Management and general	5,264,797	-	-	5,264,797
Fundraising	3,462,456	-	-	3,462,456
Total expenses	<u>57,609,665</u>	-	-	<u>57,609,665</u>
Changes in net assets from operations	<u>44,547</u>	<u>467,090</u>	-	<u>511,637</u>
<b>NON-OPERATING ACTIVITIES</b>				
Net investment return net of amount designated for current operations	1,267	1,082,057	-	1,083,324
Pension-related changes other than net periodic pension costs	<u>3,387,748</u>	-	-	<u>3,387,748</u>
Total non-operating activities	<u>3,389,015</u>	<u>1,082,057</u>	-	<u>4,471,072</u>
Changes in net assets	3,433,562	1,549,147	-	4,982,709
Net assets, beginning of year	<u>(4,732,226)</u>	<u>14,957,751</u>	<u>20,022,065</u>	<u>30,247,590</u>
<b>Net assets, end of year</b>	<u>\$ (1,298,664)</u>	<u>\$ 16,506,898</u>	<u>\$ 20,022,065</u>	<u>\$ 35,230,299</u>

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

**NATIONAL URBAN LEAGUE, INC.**  
Consolidated Statement of Activities (*continued*)  
For the Year Ended December 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>OPERATING ACTIVITIES</b>				
<i>Revenue, gains, and other support</i>				
Government grants and contracts	\$ 15,687,663	\$ -	\$ -	\$ 15,687,663
Donated materials and services	17,107,348	-	-	17,107,348
Contributions	6,081,097	16,838,757	-	22,919,854
Legacies and bequests	15,229	-	-	15,229
Special events	1,800,850	-	-	1,800,850
Federated fundraising agencies	9,671	-	-	9,671
Program service fees	6,280,562	-	-	6,280,562
Franchise fees	981,500	-	-	981,500
Net investment return designated for current operations	768,884	-	-	768,884
Sale of publications	38,157	-	-	38,157
Other	477,822	-	-	477,822
<i>Net assets released from restrictions</i>				
Satisfaction of restrictions	15,461,621	(15,461,621)	-	-
Total revenue, gains, and other support	<u>64,710,404</u>	<u>1,377,136</u>	<u>-</u>	<u>66,087,540</u>
<i>Operating expenses</i>				
<i>Program services</i>				
Economic empowerment	22,015,164	-	-	22,015,164
Education and youth empowerment	6,134,827	-	-	6,134,827
Civic engagement and leadership empowerment	23,131,774	-	-	23,131,774
Technical assistance to affiliates	1,808,170	-	-	1,808,170
Health and quality of life empowerment	2,299,744	-	-	2,299,744
Civil rights and racial justice empowerment	273,205	-	-	273,205
Total program services	55,662,884	-	-	55,662,884
<i>Supporting services</i>				
Management and general	5,555,902	-	-	5,555,902
Fundraising	3,369,172	-	-	3,369,172
Total expenses	<u>64,587,958</u>	<u>-</u>	<u>-</u>	<u>64,587,958</u>
Change in net assets from operations	<u>122,446</u>	<u>1,377,136</u>	<u>-</u>	<u>1,499,582</u>
<b>NON-OPERATING ACTIVITIES</b>				
Net investment return net of amount designated for current operations	358,587	877,576	-	1,236,163
Pension-related changes other than net periodic pension cost:	<u>(1,048,310)</u>	<u>-</u>	<u>-</u>	<u>(1,048,310)</u>
Total non-operating activities	<u>(689,723)</u>	<u>877,576</u>	<u>-</u>	<u>187,853</u>
Change in net assets	(567,277)	2,254,712	-	1,687,435
Net assets, beginning of year	<u>(4,164,949)</u>	<u>12,703,039</u>	<u>20,022,065</u>	<u>28,560,155</u>
<b>Net assets, end of year</b>	<u>\$ (4,732,226)</u>	<u>\$ 14,957,751</u>	<u>\$ 20,022,065</u>	<u>\$ 30,247,590</u>

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

**NATIONAL URBAN LEAGUE, INC.**  
Consolidated Statements of Cash Flows  
For the Years Ended December 31, 2013 and 2012

	<b>2013</b>	<b>2012</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 4,982,709	\$ 1,687,435
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i>		
Pension-related changes other than net periodic pension costs	(3,387,748)	1,048,310
Depreciation and amortization	431,624	393,576
Provision (amortization) of deferred rent credit	50,333	(60,121)
Loss on retirement of other fixed assets	-	411
Realized (gain) loss on sales of investments	(1,399,719)	281,478
Direct write-offs	(13,125)	(185,036)
Bad debt expense	441,575	236,587
Unrealized appreciation of investments	(209,839)	(1,831,579)
<i>Changes in operating assets and liabilities</i>		
(Increase)/decrease in grants and pledges receivable	(2,490,179)	2,887,243
(Increase)/decrease in franchise fees receivable	(196,563)	72,950
Increase in other receivables	(213,051)	(1,550,209)
Increase in prepaid expenses and other assets	(189,775)	(305,614)
(Decrease)/increase in accounts payable and accrued expenses	(326,128)	514,513
Increase/(decrease) in accrued payroll and vacation benefits	14,375	(219,211)
Decrease in accrued pension benefit cost	(187,581)	(482,232)
Decrease in accrued defined contribution costs	(29,329)	(20,174)
Increase/(decrease) in contract advances and other deposits	676,829	(1,249,255)
Net cash (used in) provided by operating activities	(2,045,592)	1,219,072
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(2,801,005)	(954,143)
Purchases of investments	(278,277)	(434,989)
Proceeds from sale of investments	1,084,036	763,893
Net cash used in investing activities	(1,995,246)	(625,239)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Borrowings on loan payable	138,779	-
Repayments on loan payable	(40,586)	-
Net cash provided by investing activities	98,193	-
Net (decrease) increase in cash and cash equivalents	(3,942,645)	593,833
Cash and cash equivalents, beginning of year	13,233,779	12,639,946
<b>Cash and cash equivalents, end of year</b>	<b>\$ 9,291,134</b>	<b>\$ 13,233,779</b>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest paid	\$ 2,760	\$ -

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

**NATIONAL URBAN LEAGUE, INC.**  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2013

	<u>Program Services</u>							<u>Supporting Services</u>			
	<u>Economic Empowerment</u>	<u>Education and Youth Empowerment</u>	<u>Civic Engagement and Leadership Empowerment</u>	<u>Technical Assistance to Affiliates</u>	<u>Health and Quality of Life Empowerment</u>	<u>Civil Rights and Racial Justice Empowerment</u>	<u>Urban Empowerment Fund</u>	<u>Total</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,005,518	\$ 1,002,796	\$ 2,317,511	\$ 786,831	\$ 393,627	\$ 109,526	\$ 160,295	\$ 6,776,104	\$ 2,121,641	\$ 1,254,396	\$ 10,152,141
Payroll taxes and related benefits	659,634	325,490	763,135	253,600	122,709	28,137	34,803	2,187,508	672,968	417,566	3,278,042
Subcontract payments	17,100,919	1,936,780	7,500	68,000	411,413	-	-	19,524,612	-	-	19,524,612
Donated materials and services	1,525,764	34,909	6,000,391	-	1,300,000	-	-	8,861,064	-	25,000	8,886,064
Professional contract services	1,259,532	683,277	2,616,934	181,624	127,175	43,280	65,453	4,977,275	548,081	865,640	6,390,996
Supplies	70,466	53,776	123,892	27,242	11,899	2,872	-	290,147	67,937	39,853	397,937
Telephone	54,621	29,766	69,014	27,285	10,826	4,889	-	196,401	90,508	32,161	319,070
Occupancy	441,885	218,162	511,495	169,976	82,247	18,859	-	1,442,624	451,058	279,875	2,173,557
Commercial insurance	33,441	16,723	38,709	12,864	6,224	1,427	-	109,388	34,136	21,181	164,705
Postage and shipping	11,867	15,546	42,022	9,332	5,017	2,516	-	86,300	22,037	18,422	126,759
Printing, duplication, and artwork	68,908	77,415	161,582	8,000	28,250	451	88	344,694	10,654	19,254	374,602
Travel, conferences, and conventions	530,451	911,632	1,383,356	271,445	133,848	51,745	3,122	3,285,599	439,709	341,954	4,067,262
Subscription and publication	7,358	4,844	73,394	2,693	2,633	2,591	100	93,613	24,647	27,490	145,750
Furniture and equipment	50,884	26,224	58,556	20,913	11,243	4,256	-	172,076	68,604	34,524	275,204
Awards and grants	1,221	9,210	6,750	-	25,000	-	-	42,181	3,446	2,924	48,551
Bad debt	-	-	-	-	-	-	-	-	441,575	-	441,575
Interest expense	552	276	635	221	110	28	-	1,822	580	358	2,760
Miscellaneous	50,658	66,490	60,602	5,939	9,732	6,115	5,002	204,538	177,618	26,298	408,454
Depreciation and amortization	87,735	43,322	101,553	33,757	16,341	3,758	-	286,466	89,598	55,560	431,624
<b>Total expenses</b>	<u>\$ 23,961,414</u>	<u>\$ 5,456,638</u>	<u>\$ 14,337,031</u>	<u>\$ 1,879,722</u>	<u>\$ 2,698,294</u>	<u>\$ 280,450</u>	<u>\$ 268,863</u>	<u>\$ 48,882,412</u>	<u>\$ 5,264,797</u>	<u>\$ 3,462,456</u>	<u>\$ 57,609,665</u>

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

**NATIONAL URBAN LEAGUE, INC.**  
Consolidated Statement of Functional Expenses  
For the Year Ended December 31, 2012

	<b>Program Services</b>						<b>Supporting Services</b>			
	<b>Economic Empowerment</b>	<b>Education and Youth Empowerment</b>	<b>Civic Engagement and Leadership Empowerment</b>	<b>Technical Assistance to Affiliates</b>	<b>Health and Quality of Life Empowerment</b>	<b>Civil Rights and Racial Justice Empowerment</b>	<b>Total</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 1,771,927	\$ 1,455,914	\$ 2,229,147	\$ 738,550	\$ 270,988	\$ 102,074	\$ 6,568,600	\$ 2,212,490	\$ 1,121,217	\$ 9,902,307
Payroll taxes and related benefits	576,467	477,251	729,262	238,822	83,420	27,279	2,132,501	759,372	372,655	3,264,528
Subcontract payments	15,911,321	1,947,305	250,000	-	340,000	-	18,448,626	-	-	18,448,626
Donated materials and services	1,412,725	31,335	14,280,788	-	1,300,000	-	17,024,848	82,500	25,000	17,132,348
Professional contract services	1,239,877	711,849	3,074,256	247,708	113,930	57,910	5,445,530	765,236	980,746	7,191,512
Supplies	42,321	94,226	86,061	24,763	6,339	2,296	256,006	77,258	27,650	360,914
Telephone	40,243	32,117	58,247	23,125	7,245	4,532	165,509	79,394	23,887	268,790
Occupancy	360,866	298,757	456,516	149,502	52,221	17,076	1,334,938	460,631	233,282	2,028,851
Commercial insurance	27,116	22,449	34,303	11,234	3,924	1,283	100,309	33,338	17,528	151,175
Postage and shipping	10,182	26,554	39,438	8,732	2,589	1,426	88,921	21,734	20,503	131,158
Printing, duplication, and artwork	10,795	90,011	184,122	11,229	8,087	1,501	305,745	19,872	19,483	345,100
Travel, conferences, and conventions	417,686	674,247	1,398,309	275,668	80,207	41,221	2,887,338	500,043	355,282	3,742,663
Subscription and publication	12,621	8,165	89,689	4,814	4,030	3,966	123,285	31,137	27,567	181,989
Furniture and equipment	34,285	28,613	43,019	14,985	6,102	2,893	129,897	50,228	23,524	203,649
Awards and grants	1,170	126,055	10,765	793	360	60	139,203	3,309	3,705	146,217
Bad debt	-	-	-	-	-	-	-	236,587	-	236,587
Miscellaneous	70,623	47,938	73,050	27,199	9,458	6,142	234,410	154,860	68,698	457,968
Depreciation and amortization	74,939	62,041	94,802	31,046	10,844	3,546	277,218	67,913	48,445	393,576
<b>Total expenses</b>	<b>\$ 22,015,164</b>	<b>\$ 6,134,827</b>	<b>\$ 23,131,774</b>	<b>\$ 1,808,170</b>	<b>\$ 2,299,744</b>	<b>\$ 273,205</b>	<b>\$ 55,662,884</b>	<b>\$ 5,555,902</b>	<b>\$ 3,369,172</b>	<b>\$ 64,587,958</b>

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

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 1 ORGANIZATION**

National Urban League, Inc. (the League or NUL) is a non-profit organization incorporated in the State of New York in 1910. The League is substantially funded through grants and contracts awarded by government agencies, foundations, and corporations.

The Urban Empowerment Fund (UEF) is a tax-exempt community development financial institution that was incorporated in July 2011. The League obtained a controlling financial interest in UEF in March 2013. UEF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as a publicly supported organization as described in IRC Sections 509(a)(1) and 170(b)(A)(vi). UEF received its determination letter from the Internal Revenue Service dated November 7, 2013.

The League is exempt from Federal income taxes under Section 501(c)(3) of the IRC and has been classified as a publicly supported organization as described in IRC Sections 509(a)(1) and 170(b)(A)(vi).

The League, a non-partisan, civil rights, and community-based movement, serves over two million people each year, providing direct services, research, and policy advocacy to assist individuals and communities attain their fullest potential. The League's network of nearly 100 professionally staffed affiliates in 36 states and the District of Columbia work principally with African Americans and other disadvantaged urban communities to diligently close equality gaps for people at all economic levels and stages of life, thereby creating an opportunity for citizens to give back as volunteers. In pursuit of its mission—helping African Americans and other underserved urban residents to secure economic self-reliance, parity, power, and civil rights—the League's five-point approach to empowerment consists of:

**Economic Empowerment** invests in the financial literacy and employability of adults through job training, homeownership counseling, and entrepreneurship support.

**Education and Youth Empowerment** ensures that all children receive an education by providing access to early childhood literacy, afterschool programs, and college preparation.

**Civic Engagement and Leadership Empowerment** encourages all people to take an active role in improving their quality of life through participation in community service projects and public policy initiatives.

**Health and Quality of Life Empowerment** promotes community wellness through a focus on prevention, including fitness, healthy eating, and access to affordable healthcare.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 1 ORGANIZATION** *(continued)*

**Civil Rights and Racial Justice Empowerment** guarantees equal participation in all facets of American society through proactive public policies and community-based programs.

**NUL's Affiliates** offer services in 36 states and the District of Columbia to over 350 communities across the country. These professionally staffed offices fulfill NUL's services: where people and their neighborhoods grow, change, and are strengthened. The League's Affiliate Services Department goal is to provide information and training to affiliate CEOs, boards of directors, staff, and volunteers to increase their understanding of the League's mission, and to enhance their professional skills and effectiveness.

**The Urban Empowerment Fund (UEF)** is a Community Development Financial Institution (CDFI) with a focus on providing financial products (loans) and services to Minority Business Enterprises (MBEs) that are located primarily in the 10 markets in which the National Urban League's Entrepreneurship Centers are located. The mission of UEF is to help MBEs gain access to capital, survive, prosper, grow, create jobs, and generate individual and community wealth. UEF will work to achieve its mission by focusing on the development of MBEs, which requires a comprehensive set of services to address the primary barriers that inhibit their growth. These services include:

- Providing business advisory services to address the business knowledge deficits (competence)
- Offering a range of small business loan products in the \$50,000-\$250,000 range (capital)
- Providing policy advocacy to improve the business climate for MBEs (customers)

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The accompanying consolidated financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses recorded when incurred.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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

Consolidated Financial Statement Presentation

In accordance with U.S. generally accepted accounting principles (GAAP), the consolidated financial statements include the accounts of the League and the UEF. All material intercompany transactions have been eliminated.

The consolidated financial statements presented follow the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 958-205, *Not for Profit Entities—Presentation* (FASB ASC 958-205). In accordance with FASB ASC 958-205, NUL is required to report information regarding its financial position and activities according to three net asset classes: unrestricted, temporarily restricted, and permanently restricted, as applicable, which are defined as:

*Unrestricted net assets*—Not subject to donor-imposed restrictions. Unrestricted net assets include general operations and Board-designated amounts. The latter has been designated for specific purposes by actions of the Board of Trustees.

*Temporarily restricted net assets*—Subject to donor-imposed stipulations that may be fulfilled by an action of the League to satisfy the stipulations or become unrestricted at the date specified by the donor.

*Permanently restricted net assets*—Subject to donor-imposed stipulations that require the assets to be maintained by the League in perpetuity. The donors of the assets generally permit the League to use all or part of the investment returns from these assets.

Cash and Cash Equivalents

For purposes of the consolidated financial statement presentation, the League considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents at December 31, 2013 and 2012 were \$2,843,600 and \$5,194,727, respectively, and consisted of money market funds.

The League maintains its cash and cash equivalent balances in financial institutions, which occasionally exceed the Federal Deposit Insurance Corporation limit and subject the League to a concentration of credit risk. However, the League monitors this risk on a regular basis.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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

Investments

Investments are stated at the fair value of the securities. The following is a description of the valuation methodologies used for assets measured at fair value:

*Marketable equity securities:* recorded at fair value based on the quoted market price and broker prices.

*Money market funds:* valued at amortized cost, which approximates fair value.

*U.S. government agency securities:* valued using pricing models maximizing the use of observable inputs for similar securities. The inputs (quotes, spread, and data points for yield curves) to these methods can be considered to be observable market-based data.

*Commingled Fund:* This fund invests primarily in high-quality, senior, secured, mortgage-backed securities (MBS), asset-backed securities and commercial MBS. Management of the fund may also invest in direct obligations of the U.S or any agency or instrumentality thereof and money market instruments including commercial paper and repurchase agreements collateralized by agency and non-agency MBS. The fair value of the fund has been estimated, by the investment manager, using the NAV per share of the investments. The investment manager will use reasonable discretion to value the fund using as a guide, a combination of (i) listed prices on widely available indices; (ii) independent pricing services using pricing models; and (iii) independent third party broker quotes from multiple financial institutions engaged in trading investments or securities similar to the investments.

The League's Investment Committee is responsible for determining the valuation policies and analyzing information provided by the investment custodians and issuers, which is used to determine the fair value of the League's investments. The Investment Committee is a sub-committee of the League's Board of Trustees.

The Board of Trustees has adopted a "spending formula," whereby a specified percentage of the rolling average balance of the League's long-term reserves is used to support current operations. All investment income over this amount is retained to support operational needs in future years and offset potential market declines.

The League targets the portfolio for its endowment (a long-term investment) to be a 60/40 ratio between equities and fixed-income securities.

Interest and dividend income is recognized when earned and reported as operating revenue in the consolidated statements of activities based on NUL's spending

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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

Investments *(continued)*

formula.

Realized gains and losses and unrealized depreciation and appreciation are included in the consolidated statements of activities as increases or decreases in the unrestricted class of net assets, unless donor or relevant laws place temporary or permanent restrictions on these gains and losses. For purposes of determining the gain or loss on sales, the cost of securities sold is based on the average costs of all shares of those securities sold.

Companies are required to classify and disclose the fair value of financial instruments according to a fair value hierarchy, which ranks the quality and reliability of the information used to determine fair values. The three-level fair value hierarchy is as follows:

*Level 1:* Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

*Level 2:* Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3:* Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or other valuation techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

A review of fair value hierarchy classifications is conducted annually and changes in the observability of valuation inputs may necessitate a reclassification for certain financial assets or liabilities. Reclassifications affecting Level 3 of the fair value hierarchy are reported as transfers in/out of the Level 3 category as of the beginning of the period in which the reclassifications occur.

Investments valued at NAV are classified as Level 2 or Level 3 depending on the investee's ability to redeem those investments as of the given year end.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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

Receivables

*Pledges Receivable*

Pledges receivables generally consist of unconditional promises received from donors and are valued at fair value. Fair values are measured based on the present value of future cash flows, with consideration given to expectations about possible variations in the amount and/or timing of the cash flows and other specific factors that would be considered by market participants. The fair value measurements also include consideration of donors' credit risk.

*Franchise Fees*

Franchise fees are annual fees charged to the League's affiliates. The League has agreements with several affiliates for payment of fees in arrears. The agreements provide for installment payments over periods varying from one to five years.

As of December 31, 2012, the League revised its collection policy with affiliates and developed a three-year payment plan, beginning January 1, 2013, to recover prior fees and pay current dues for 2013 through 2015.

Property and Equipment

Furniture and fixtures, equipment, and leasehold improvements are stated at cost, less accumulated depreciation or amortization computed by the straight-line method over the lease term or the following useful lives:

	<u>Years</u>
Leasehold improvements	10-20
Furniture and fixtures	10
Equipment	3-7
Computer software	5-7

The League capitalizes all expenditures for property and equipment in excess of \$1,000. Donated property and equipment are recorded at their estimated fair value on the date of donation in accordance with the League's capitalization policies.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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

Property and Equipment *(continued)*

During 2013, the League incurred and paid expenses related to the “future home” for its New York office. The League classified these expenses, which were considered pre-construction costs, as construction in progress within property and equipment on the consolidated statements of financial position (see Note 6).

Operating Lease

NUL occupies its space facilities under an operating lease agreement. Rent waivers are accounted for as deferred rent credits that are amortized against lease payments on a straight-line basis over the life of the lease.

Pension Costs

The League is required to disclose the over- or under-funded status of its defined benefits plan as an asset or liability in its consolidated statements of financial position, and also to recognize changes in the funded status of the plan in unrestricted net assets as a non-operating activity in the year that the changes occur. As of December 31, 2013 and 2012, the under-funded status of the plan is a deficit of the fair value of plan assets over the projected benefit obligation, which amounted to \$4,153,490 and \$7,728,819, respectively.

Revenue Recognition

*Contributions*

Unconditional contributions are recognized as revenue when received and recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

*Government Grants*

Federal, state, and other grant awards received for specific purposes are recognized as support to the extent of the related expenses incurred in compliance with the specific grant terms. The unexpended funds are reported as contract advances.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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

Revenue Recognition *(continued)*

*Program Service Fees*

Program service fees are recorded as earned income that is generated from different conference activities that occur during the year.

*Franchise Fees*

Franchise fees are recorded as earned annual fees when billed and are based on the budget size of each affiliate.

Credit and Financial Risk

Substantially all the pledges receivable are derived from individual, corporate, or foundation donors. All of these receivables are made on an unsecured basis.

The League maintains its cash and cash equivalents in bank deposit and money market accounts, which may exceed federally insured limits. The League believes it is not exposed to any significant credit risk on cash.

The League's investments are exposed to numerous risks such as interest rate, market, and credit. Due to this level of risk and the level of uncertainty related to changes in the value of such investments, it is reasonably possible that changes in risk in the near term could materially affect investment balances and the amounts reported in the consolidated financial statements.

Donated Materials and Services

Donated materials and services are reflected as contributions in the accompanying consolidated financial statements at their fair value on the date of receipt.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited and are determined by management in accordance with grant provisions or other equitable bases.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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

Advertising Expense

The League recognizes advertising expense at the time of invoice and payment terms. Advertising may be for multiple future dates and used as both video and print advertising. The vendor (in most cases) will invoice the League for the cost of all runnings of a specific advertisement. Advertising expense of \$97,754 and \$324,627 in 2013 and 2012, respectively, are reported as part of the professional contract services expense in the consolidated statements of functional expenses.

Measure of Operations

The League uses a “change in net assets from operations” as the measure of net assets that are available to support services in future periods. Measure of operations excludes gains or losses on sales of fixed assets, and the results of the League’s endowment spending policy (both positive and negative).

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The League is exempt from Federal income taxes under Section 509(a)(1) and classified as a Section 501(c)(3) of the IRC. Accordingly, no provision for Federal or state income taxes has been made in the accompanying consolidated financial statements.

UEF is exempt from Federal income taxes under Section 509(a)(1) and classified as a Section 501(c)(3) of the IRC. Accordingly, no provision for Federal or state income taxes has been made in the accompanying consolidated financial statements. UEF is subject to routine audits by taxing jurisdictions; however, since this will be UEF’s initial filing year (2013), no audits for any tax periods are currently in progress.

Management has analyzed the tax positions taken by the League and has concluded that as of December 31, 2013 and 2012, there are no uncertain tax positions taken or are to be taken. Accordingly, no interest or penalties related to uncertain tax positions have been accrued in the accompanying consolidated financial statements.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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

Income Taxes *(continued)*

The League is subject to routine audits by taxing jurisdictions; however, no audits for any tax periods are currently in progress. Management believes that the League is no longer subject to such income tax examinations for years prior to 2010.

**NOTE 3 INVESTMENTS**

Investments held by the League at December 31 consisted of the following:

	<b>2013</b>		<b>2012</b>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 1,073,514	\$ 1,073,511	\$ 749,443	\$ 749,443
Corporate stocks	6,708,628	9,114,209	6,214,898	7,380,836
U.S. Government Agencies	2,027,924	1,957,501	1,934,130	2,001,569
Commingled funds	8,507,046	9,027,502	8,824,685	10,237,076
<b>Total investments</b>	<u>\$ 18,317,112</u>	<u>\$ 21,172,723</u>	<u>\$ 17,723,156</u>	<u>\$ 20,368,924</u>

Fair Value Measurement and Levels

The following tables summarize the investments measured at fair value based on NAV per share:

<u>Investments Class</u>	<b>As of December 31, 2013</b>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Active MBS Fund <sup>a</sup>	\$9,027,502	\$ -	Quarterly	90 days

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 3**      **INVESTMENTS** *(continued)*

Fair Value Measurement and Levels *(continued)*

<u>Investments Class</u>	<b>As of December 31, 2012</b>			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Active MBS Fund <sup>a</sup> Government/Credit Fixed Income Fund <sup>b</sup>	\$ 3,520,828	\$ -	Quarterly	90 days
	<u>6,716,248</u>	<u>-</u>	Monthly	30 days
<b>Total</b>	<u>\$ 10,237,076</u>	<u>\$ -</u>		

- a. This fund invests primarily in high-quality, senior, secured, mortgage-backed securities (MBS), asset-backed securities and commercial MBS. Management of the fund may also invest in direct obligations of the U.S or any agency or instrumentality thereof and money market instruments including commercial paper and repurchase agreements collateralized by agency and non-agency MBS. The fair value has been estimated using the NAV per share of the investments.
- b. This fund invests primarily in various government obligations and corporate bonds both U.S. and foreign. The fair value has been estimated using the NAV per share of the investments.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
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**NOTE 3**      **INVESTMENTS** *(continued)*

Fair Value on a Recurring Basis

The following tables set forth, by level within the fair value hierarchy, investment assets and liabilities as of December 31, 2013 and 2012:

	Fair Value–2013			Total
	Level 1	Level 2	Level 3	
<i>Cash and cash equivalents</i>				
Interest-bearing cash deposits	\$ 2,843,600	\$ -	\$ -	\$ 2,843,600
	<u>\$ 2,843,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,843,600</u>
<i>Investments</i>				
<i>Cash and cash equivalents</i>				
Money markets	\$ 1,073,511	\$ -	\$ -	\$ 1,073,511
<i>Equity securities</i>				
Consumer discretionary	904,777	-	-	904,777
Consumer staples	879,803	-	-	879,803
Energy	817,660	-	-	817,660
Financials	1,202,235	-	-	1,202,235
Health care	940,728	-	-	940,728
Industrials	1,042,959	-	-	1,042,959
Information technology	1,592,006	-	-	1,592,006
Materials	422,824	-	-	422,824
Telecommunications services	124,860	-	-	124,860
Utilities	43,180	-	-	43,180
Real estate	52,923	-	-	52,923
Other	1,090,254	-	-	1,090,254
<i>Fixed income</i>				
U.S. Treasury	-	1,113,534	-	1,113,534
FNMA	-	843,967	-	843,967
<i>Commingled funds</i>				
Mortgage-backed securities	-	9,027,502	-	9,027,502
	<u>\$ 10,187,720</u>	<u>\$ 10,985,003</u>	<u>\$ -</u>	<u>\$ 21,172,723</u>

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 3**      **INVESTMENTS** *(continued)*

Fair Value on a Recurring Basis *(continued)*

	<b>Fair Value-2012</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<i>Cash and cash equivalents</i>				
Interest-bearing cash deposits	\$ 5,194,727	\$ -	\$ -	\$ 5,194,727
	<u>\$ 5,194,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,194,727</u>
<i>Investments</i>				
<i>Cash and cash equivalents</i>				
Money markets	\$ 749,443	\$ -	\$ -	\$ 749,443
<i>Equity securities</i>				
Consumer discretionary	912,611	-	-	912,611
Consumer staples	541,246	-	-	541,246
Energy	698,489	-	-	698,489
Financials	948,748	-	-	948,748
Health care	986,570	-	-	986,570
Industrials	612,615	-	-	612,615
Information technology	1,483,492	-	-	1,483,492
Materials	354,335	-	-	354,335
Telecommunications services	142,708	-	-	142,708
Utilities	121,138	-	-	121,138
Other	578,884	-	-	578,884
<i>Fixed income</i>				
U.S. Treasury	-	1,138,602	-	1,138,602
FNMA	-	862,967	-	862,967
<i>Commingled funds</i>				
Mortgage-backed securities	-	10,237,076	-	10,237,076
	<u>\$ 8,130,279</u>	<u>\$ 12,238,645</u>	<u>\$ -</u>	<u>\$ 20,368,924</u>

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 3**      **INVESTMENTS** *(continued)*

Fair Value on a Recurring Basis *(continued)*

The following schedule summarizes the investment return and its classification in the consolidated statements of activities:

	<b>2013</b>	<b>2012</b>
Dividends and interest income	\$ 294,339	\$ 454,946
Net realized gains/(losses) on sales of investments	1,399,719	(281,478)
Unrealized appreciation of investments	209,839	1,831,579
<b>Total investment return</b>	<b>\$ 1,903,897</b>	<b>\$ 2,005,047</b>
Current operations	\$ 820,573	\$ 768,884
Non-operating activity	1,083,324	1,236,163
<b>Total investment return</b>	<b>\$ 1,903,897</b>	<b>\$ 2,005,047</b>

The dividends and interest income above are net of investment fees of \$195,342 and \$176,808 in 2013 and 2012, respectively.

Under the League's endowment spending policy in 2013 and 2012, 4% of the 12-month rolling average fair value of its long-term reserves was used to support current operations. The following schedule summarizes the classification of the investment return in the consolidated statements of activities in accordance with this policy:

	<b>2013</b>	<b>2012</b>
Gain (loss) on non-long-term reserves	\$ 12,428	\$ (15,150)
Board-designated for current operations from prior-year earnings	808,145	784,034
Total designated for current operations	820,573	768,884
Investment return on long-term reserves	1,891,469	2,020,197
Board-designated for current operations from prior-year earnings	(808,145)	(784,034)
Non-operating investment return	1,083,324	1,236,163
<b>Total investment return</b>	<b>\$ 1,903,897</b>	<b>\$ 2,005,047</b>

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 4 GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges receivable at December 31 are comprised of the following:

	<u>2013</u>	<u>2012</u>
Grants and pledges receivable due in less than 1 year	\$ 6,943,827	\$ 4,047,381
Grants and pledges receivable due from 1 - 5 years	<u>545,000</u>	<u>1,000,000</u>
	7,488,827	5,047,381
<i>Fair value adjustment</i>	<u>(15,617)</u>	<u>(28,655)</u>
<b>Total, net</b>	<u><u>\$ 7,473,210</u></u>	<u><u>\$ 5,018,726</u></u>

**NOTE 5 FRANCHISE FEES RECEIVABLE**

The League has agreements with several of its affiliates for the payment of fees in arrears. The agreements provide for installment payments over periods varying from one to five years.

	<u>2013</u>	<u>2012</u>
Gross franchise fees receivable	\$ 1,318,220	\$ 1,144,532
<i>Less: Allowance for doubtful amounts</i>	<u>(500,000)</u>	<u>(446,377)</u>
<b>Net franchise fees receivable</b>	<u><u>\$ 818,220</u></u>	<u><u>\$ 698,155</u></u>

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

**NOTE 6      PROPERTY AND EQUIPMENT**

At December 31, 2013 and 2012, property and equipment consisted of the following:

	<b>2013</b>		
	<b>Cost</b>	<b>Accumulated Depreciation and Amortization</b>	<b>Net Book Value</b>
Leasehold improvements	\$ 2,615,925	\$ 1,961,529	\$ 654,396
Furniture and fixtures	1,199,422	1,013,454	185,968
Equipment	1,088,334	813,792	274,542
Computer software	915,562	496,788	418,774
	5,819,243	4,285,563	1,533,680
Construction in progress	2,670,982	-	2,670,982
<b>Total</b>	\$ 8,490,225	\$ 4,285,563	\$ 4,204,662
	<b>2012</b>		
	<b>Cost</b>	<b>Accumulated Depreciation and Amortization</b>	<b>Net Book Value</b>
Leasehold improvements	\$ 2,406,711	\$ 1,792,714	\$ 613,997
Furniture and fixtures	1,133,638	987,420	146,218
Equipment	953,638	659,644	293,994
Computer software	565,302	414,161	151,141
	5,059,289	3,853,939	1,205,350
Construction in progress	629,931	-	629,931
<b>Total</b>	\$ 5,689,220	\$ 3,853,939	\$ 1,835,281

Depreciation and amortization expenses for 2013 and 2012 were \$431,624 and \$393,576, respectively.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 7 ACCRUED PENSION BENEFITS**

The League sponsors a non-contributory defined contribution plan and a defined benefit plan covering substantially all of its employees. The defined benefit plan was frozen to new entrants in 2002.

Contributions to the defined contribution plan are based on employees' annual compensation; the expense for 2013 and 2012 was \$539,276 and \$568,605, respectively.

The defined benefit plan provides benefits based on participants' earnings and years of service. Net periodic pension costs are determined using the projected-unit credit method in accordance with the provisions of financial accounting standards.

The following tables provide a reconciliation of benefit obligations, plan assets, and funded status of the plan:

	<u>2013</u>	<u>2012</u>
<i>Change in benefit obligation</i>		
Projected benefit obligation, beginning of year	\$ 22,330,776	\$ 20,720,318
Service cost	147,746	124,946
Interest cost	767,251	880,811
Actuarial (gain) loss	(2,126,071)	1,783,212
Benefit payments and settlements	(1,262,073)	(1,178,511)
<b>Projected benefit obligation, end of year</b>	<u>\$ 19,857,629</u>	<u>\$ 22,330,776</u>
<i>Change in plan assets</i>		
Fair value of plan assets, beginning of year	\$ 14,601,957	\$ 13,557,577
Actual return on plan assets (net of expenses)	1,721,254	1,172,891
Employer contributions	643,000	1,050,000
Benefit payments and settlements	(1,262,072)	(1,178,511)
<b>Fair value of plan assets, end of year</b>	<u>\$ 15,704,139</u>	<u>\$ 14,601,957</u>
<b>Funded status</b>	<u>\$ (4,153,490)</u>	<u>\$ (7,728,819)</u>

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 7 ACCRUED PENSION BENEFITS** *(continued)*

	<b>2013</b>	<b>2012</b>
<b>Reconciliation of funded status</b>		
Funded status	\$ 4,153,490	\$ 7,728,819
Actuarial (loss)	(6,759,718)	(10,147,466)
<b>Accrued benefit (gain)</b>	<b>\$ (2,606,228)</b>	<b>\$ (2,418,647)</b>
	<b>2013</b>	<b>2012</b>
<b>Amounts recognized in the statements of financial position, as of December 31</b>		
Accrued benefit gain	\$ 2,606,228	\$ 2,418,647
Actuarial loss at prior measurement date	(10,147,466)	(9,099,156)
Pension-related changes other than net periodic pension credit (costs)	3,387,748	(1,048,310)
<b>Accrued pension benefit costs</b>	<b>\$ (4,153,490)</b>	<b>\$ (7,728,819)</b>

An employer is required to recognize the funded status of a benefit plan in its statement of financial position. Additionally, the gains or losses and prior service costs or credits that arise during the period, but are not recognized as components of net periodic benefit cost, must be recognized. Additional information about certain effects on net periodic benefit cost for the next fiscal year arising from the delayed recognition of the gains or losses, and transition assets or obligations must be disclosed in the notes to the consolidated financial statements.

In addition, the League's consolidated statement of financial position as of December 31, 2013, required a reduction of its liability associated with the defined benefit plan of \$3,387,748 (actuarial gains or losses and prior service costs or credits that arise during 2013 but are not recognized as components of net periodic benefit cost). This decrease in liability was reflected as a decrease in the accrued pension cost and resulted in a corresponding increase in unrestricted net assets.

In addition, the League's consolidated statement of financial position as of December 31, 2012, required an additional liability associated with the defined benefit plan of \$(1,048,310) (actuarial gains or losses and prior service costs or credits that arise during 2012 but are not recognized as components of net periodic benefit cost). This increase in liability was reflected as an increase in the accrued pension cost and resulted in a corresponding decrease in unrestricted net assets.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 7 ACCRUED PENSION BENEFITS** *(continued)*

The accumulated benefit obligations for the defined benefit pension plan were \$19,224,733 and \$21,532,389 at December 31, 2013 and 2012, respectively.

	<u>2013</u>	<u>2012</u>
<b>Components of net periodic benefit cost</b>		
Service cost	\$ 147,746	\$ 124,946
Interest cost	767,251	880,811
Expected return on plan assets	(839,484)	(803,699)
Amortization of prior service cost	-	1,691
Amortization of net actuarial loss	379,908	364,020
<b>Net periodic benefit cost</b>	<u>\$ 455,421</u>	<u>\$ 567,769</u>

Weighted-average assumptions used to determine benefit obligations as of December 31:

	<u>2013</u>	<u>2012</u>
<i>Additional information</i>		
Discount rate	4.54%	3.69%
Rate of compensation increase	3.00%	3.00%

Weighted-average assumptions used to determine net periodic benefit cost for the year ended December 31:

	<u>2013</u>	<u>2012</u>
Discount rate	3.69%	4.40%
Expected return on plan assets	7.50%	7.50%
Rate of compensation increase	3.00%	3.00%

The League based its expected return on plan assets on a building block approach, determining risk-free asset return assumptions, and applying a weighted-average methodology to the proportion of plan assets in each applicable asset class.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 7 ACCRUED PENSION BENEFITS** *(continued)*

Plan Assets

The League's pension plan weighted-average asset allocations at December 31, 2013 and 2012, by asset category, are as follows:

<b>Asset category</b>	<u>2013</u>	<u>2012</u>
Stocks and equity securities	49%	45%
Bonds	38	41
Insurance contracts	9	12
Cash/other	4	2
<b>Total</b>	<u>100%</u>	<u>100%</u>

Cash Flows

*Pension Contributions*—The League expects to contribute approximately \$908,000 to its pension plan in 2014.

*Estimated Future Pension Benefit Payments*—The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<u>Year</u>	<u>Amount</u>
2014	\$ 1,391,579
2015	1,435,261
2016	1,446,975
2017	1,416,828
2018	1,416,200
2019-2023	7,010,543

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

**NOTE 7 ACCRUED PENSION BENEFITS** *(continued)*

The following table provides the fair value hierarchy of the Plan's assets as of December 31:

	<b>Fair Value—2013</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments</b>				
<i>Commingled separate account funds -</i>				
<u>Mutual Funds</u>				
Managed fund	\$ -	\$ 4,826,702	\$ -	\$ 4,826,702
Large capital international equity fund	-	1,515,655	-	1,515,655
Small capital	-	1,578,568	-	1,578,568
Bond index fund	-	3,545,887	-	3,545,887
Index fund	-	2,773,817	-	2,773,817
 <i>Group pension contracts insurance contracts-</i>				
<u>Mutual Funds</u>				
Dividend experience fund	-	-	1,276,880	1,276,880
Direct experience fund	-	-	186,630	186,630
	<u>\$ -</u>	<u>\$ 14,240,629</u>	<u>\$ 1,463,510</u>	<u>\$ 15,704,139</u>
 <b>Fair Value—2012</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Investments</b>				
<i>Commingled separate account funds -</i>				
<u>Mutual Funds</u>				
Managed fund	\$ -	\$ 2,733,117	\$ -	\$ 2,733,117
Large capital international equity fund	-	1,336,334	-	1,336,334
Small capital	-	1,246,843	-	1,246,843
Bond index fund	-	3,517,744	-	3,517,744
Index fund	-	4,110,373	-	4,110,373
 <i>Group pension contracts insurance contracts-</i>				
<u>Mutual Funds</u>				
Dividend experience fund	-	-	1,460,047	1,460,047
Direct experience fund	-	-	197,499	197,499
	<u>\$ -</u>	<u>\$ 12,944,411</u>	<u>\$ 1,657,546</u>	<u>\$ 14,601,957</u>

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 7 ACCRUED PENSION BENEFITS** *(continued)*

The following table sets forth a summary of changes in the value of the Plan's Level 3 investment for the year ended December 31:

<u>Group pension contracts - 2013</u>	
Balance, at December 31, 2012	\$ 1,657,546
Investment income	6,192
Payments and settlements	<u>(200,228)</u>
<b>Balance, at December 31, 2013</b>	<b><u>\$ 1,463,510</u></b>
<u>Group pension contracts - 2012</u>	
Balance, at December 31, 2011	\$ 1,769,402
Investment income	42,636
Payments and settlements	<u>(154,492)</u>
<b>Balance, at December 31, 2012</b>	<b><u>\$ 1,657,546</u></b>

The following is a description of the valuation techniques and inputs used for each major class of investments at fair value.

*Commingled separate account funds:* The fair value of separate account assets is based on the fair value of the underlying assets owned by the separate account funds. Assets within the separate accounts include various types of mutual funds, fixed maturity securities, equity securities, mortgage loans, derivatives, hedge funds, other limited partnership interests, short-term investments and cash and cash equivalents and are generally Level 2 assets. Types of assets include: fixed maturity securities priced principally through independent pricing services. These fixed maturity securities include most U.S. Treasury and agency securities. Equity securities which consist principally of non-redeemable preferred stock priced principally through independent pricing services and certain equity securities where market quotes are available but are not considered actively traded. Short-term investments and trading securities included are of a similar nature to these fixed maturity and equity securities. Hedge funds owned by separate accounts are also included. Derivatives include all types of derivative instruments with the exception of exchange-traded futures included and derivative instruments.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 7 ACCRUED PENSION BENEFITS** *(continued)*

*Group pension contracts:* Group pension contract funds are maintained at book value in investment year generations. The generations consist of “new money” which is equal to funds received in that calendar year, investment income credited for that year, minus disbursements from the account made during that year. Each generation is associated with investments made during that year. In order to determine the fair value of a generation, all of the investments held in that generation must be brought to the current value. Fair value is determined by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer. Once the current value of the securities in each generation is determined the percentage of the generation attributable to the contract is determined. The value of that percentage is the fair value. The total of all of the generations equals the fair market value of the entire contract fund.

**NOTE 8 DONATED SERVICES AND MATERIALS**

NUL received total donated materials and services valued at \$8,861,064 and \$17,107,348 in 2013 and 2012, respectively. Included in the donated materials and services, NUL received \$5,836,891 and \$13,799,003 for its television airtime in 2013 and 2012, respectively; \$1,300,000 for the Health Tour that occurred in each of 2013 and 2012, respectively; \$1,525,764 and \$1,412,725 from affiliates for 2013 and 2012, respectively.

**NOTE 9 SPECIAL EVENTS**

The League sponsored two special events: 1) A Benefit Concert in July 2013, and 2) The Equal Opportunity Day Dinner in November 2013.

At December 31, total revenue and expenses related to the events were as follows:

	<u>2013</u>	<u>2012</u>
Special event-revenues (gross)	\$ 1,999,500	\$ 1,800,850
Special event-expenses (gross)	<u>(788,231)</u>	<u>(720,095)</u>
<b>Net special event - revenue</b>	<u>\$ 1,211,269</u>	<u>\$ 1,080,755</u>

Special events revenue and expenses are shown on the consolidated statements of activities as gross amounts.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 10      COMMITMENTS**

Operating Lease

NUL leases its New York office space under a 20-year lease agreement expiring in 2017, which provided for waivers of rent payments from April 15, 1997 to September 30, 1998. The balance of \$202,901 and \$263,020 in deferred rent credits represents the unamortized balance of the rent waivers as of December 31, 2013 and 2012, respectively. The future base rentals, excluding rent escalations, under the lease are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 1,298,708
2015	1,298,708
2016	1,298,708
2017	649,354
	<u>\$ 4,545,478</u>

The New York net office rental expense for the years ended December 31, 2013 and 2012 was \$1,502,371 and \$1,426,858, respectively.

NUL leases its Washington, DC office space under a 10-year lease agreement expiring in 2023, which provided for waivers of rent payments from June 1, 2013 to October 31, 2013. The balance of \$110,452 in deferred rent credits represents the unamortized balance of the rent waivers as of December 31, 2013. The future base rentals, excluding rent escalations, under the lease are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 1,391,579
2015	1,435,261
2016	1,446,975
2017	1,416,828
2018	1,416,200
2019-2023	7,010,543

The Washington, DC net office rental expense for the year ended December 31, 2013 was \$157,367.

NUL also leased copiers and an automobile. The copiers lease expense for 2012 was \$80,938. In 2012, the League made only two monthly payments prior to ending its copier lease agreement and purchasing new copiers. In 2013 and 2012, the League paid \$12,222 and \$13,333, respectively for the automobile lease. The auto lease expired in November 2013.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 11      LONG-TERM DEBT**

The details concerning long-term debt at December 31, 2013 is as follows:

	<b>2013</b>
Note payable to Citibank, with interest at 3% and monthly payments of principal and interest of \$3,667, due Nov. 30, 2015	\$    81,471
Note payable to Citibank, with interest at 3% and monthly payments of principal and interest of \$753, due Nov. 30, 2015	<u>16,722</u>
<b>Total</b>	<u>\$    98,193</u>

The aggregate amounts of principal maturities for the next five years are as follows:

<b>Year</b>	<b>Amount</b>
2014	\$    50,756
2015	<u>47,437</u>
	<u>\$    98,193</u>

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 12      TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available for the following purposes:

	<u>2013</u>	<u>2012</u>
<i>Purpose restricted</i>		
Economic Empowerment	\$ 8,247,460	\$ 6,942,787
Education and Youth Empowerment	1,709,715	1,902,445
Civic Engagement/Leadership Empowerment	1,087,045	2,425,960
Health and Quality of Life Empowerment	510,058	326,061
Urban Empowerment Fund	343,720	-
Total purpose restricted	<u>11,897,998</u>	<u>11,597,253</u>
<i>Time restricted</i>		
Future periods	3,189,626	3,023,281
Endowment funds	<u>1,419,274</u>	<u>337,217</u>
<b>Total</b>	<u><u>\$ 16,506,898</u></u>	<u><u>\$ 14,957,751</u></u>

Permanently restricted net assets were restricted for investment in perpetuity:

	<u>2013</u>	<u>2012</u>
Permanent Development Fund	\$ 4,980,505	\$ 4,980,505
Breakthrough Campaign	14,762,433	14,762,433
Other	<u>279,127</u>	<u>279,127</u>
<b>Total</b>	<u><u>\$ 20,022,065</u></u>	<u><u>\$ 20,022,065</u></u>

NUL's endowment consists of funds received through separate fundraising campaigns established for several purposes. Its endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP) in the U.S., the net assets associated with endowment funds, are classified and reported based on the existence, if any, of donor-imposed restrictions.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 13      UNRESTRICTED NET ASSETS**

During 2013, the League generated an unrestricted operating surplus of \$44,547. Additionally, the League recognized a gain of \$1,083,324 on its 2013 investment return over the 2013 spending formula. The net results of these activities increased the unrestricted undesignated net assets to \$5,461,054. The League is also required to recognize net actuarial gains of \$3,387,748 that came from its defined benefit pension plan during 2013 but were not recognized as components of net periodic benefit cost. This result caused the pension-related cost balance to be \$(6,759,718) as of December 31, 2013.

During 2012, the League generated an unrestricted operating surplus of \$122,446. Additionally, the League recognized a gain of \$1,236,163 for its 2012 investment return over the 2012 spending formula. The net results of these activities increased the unrestricted undesignated net assets to \$5,415,240. In accordance with accounting standards, the League is also required to recognize net actuarial losses of \$(1,048,310) that came from its defined benefit pension plan during 2012 but were not recognized as components of net periodic benefit cost. This result caused the pension-related costs balance to be \$(10,147,466) as of December 31, 2012.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 14      ENDOWMENTS**

NUL's endowment consists of funds received through separate fundraising campaigns established for several purposes. Its endowment includes donor-restricted endowment funds. As required by U.S. GAAP, the net assets associated with endowment funds are classified and reported based on the existence, if any, of donor-imposed restrictions.

Interpretation of Relevant Law

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act (NYPMIFA), a modified version of the Uniform Prudent Management of Institutional Funds Act, which superseded the Statement of New York Uniform Management of Institutional Funds Act. NUL's Board of Directors has interpreted NYPMIFA 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, NUL classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by NUL. NUL 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 organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return of income and the appreciation of investments;
- (6) Other resources of the organization; and
- (7) The investment policies of the organization.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

**NOTE 14**    **ENDOWMENTS** *(continued)*

Endowment Net Asset Composition by Type of Fund

<b>December 31, 2013</b>	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Donor-restricted endowment funds	\$ -	\$ 1,419,274	\$ 20,022,065	\$ 21,441,339
Total funds, as of December 31, 2013	<u>\$ -</u>	<u>\$ 1,419,274</u>	<u>\$ 20,022,065</u>	<u>\$ 21,441,339</u>
<b>December 31, 2012</b>	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Donor-restricted endowment funds	\$ 13,642	\$ 337,217	\$ 20,022,065	\$ 20,372,924
Total funds, as of December 31, 2012	<u>\$ 13,642</u>	<u>\$ 337,217</u>	<u>\$ 20,022,065</u>	<u>\$ 20,372,924</u>

Changes in endowment net assets for the fiscal year ended December 31, 2013 are as follows:

	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Endowment net assets, beginning of year	\$ 13,642	\$ 337,217	\$ 20,022,065	\$20,372,924
<i>Investment return</i>				
Investment income—				
Interest and dividends	189	281,791	-	281,980
Net appreciation of investments	1,078	1,608,411	-	1,609,489
<i>Board-approved appropriations</i>				
Appropriation of endowment assets to current operations	808,145	(808,145)	-	-
Expenditures of endowment assets	<u>(823,054)</u>	<u>-</u>	<u>-</u>	<u>(823,054)</u>
<b>Endowment net assets, end of year</b>	<u>\$ -</u>	<u>\$ 1,419,274</u>	<u>\$ 20,022,065</u>	<u>\$21,441,339</u>

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 14**    **ENDOWMENTS** *(continued)*

Endowment Net Asset Composition by Type of Fund *(continued)*

Changes in endowment net assets for the fiscal year ended December 31, 2012 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (903,551)	\$ -	\$ 20,022,065	\$19,118,514
<i>Investment return</i>				
Investment income—				
Interest and dividends	437,003	-	-	437,003
Net appreciation of investments	461,943	1,121,251	-	1,583,194
<i>Board-approved appropriations</i>				
Appropriation to endowment assets to current operations	784,034	(784,034)	-	-
Expenditures of endowment assets	<u>(765,787)</u>	<u>-</u>	<u>-</u>	<u>(765,787)</u>
<b>Endowment net assets, end of year</b>	<u>\$ 13,642</u>	<u>\$ 337,217</u>	<u>\$ 20,022,065</u>	<u>\$20,372,924</u>

Endowment fund investment returns for the year ended December 31, 2012 were restated between unrestricted net assets and temporarily restricted net assets to properly reflect the League's policy for use of current and future endowment investment income. As a result, the change in unrestricted net assets decreased by \$877,576 and the change in temporarily restricted net assets increased by a corresponding amount for the year ended December 31, 2012. The change had no effect on total endowment net assets as of December 31, 2012.

Return Objectives and Risk Parameters

NUL 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. Endowment assets include donor-restricted funds that NUL must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Trustees, the endowment assets shall be so diversified so as to minimize the risk of large losses, unless under particular circumstances it would prove unwise. Over the long term, the entire portfolio should increase the purchasing power of the assets and be so organized as to take into consideration the cash flow requirements and administration of NUL. Safety should be evaluated on an overall basis rather than for each individual investment.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 14**     **ENDOWMENTS** *(continued)*

Return Objectives and Risk Parameters *(continued)*

A long-term investment objective has been set for a real return of at least 5% per year, net of fees, over inflation as measured by the Consumer Price Index. NUL seeks a total investment rate of return in excess of the rate of return of an investment in representative indices in the target allocation of the fund. The representative indices shall be as follows: The S&P 500 Stock Index for Large Cap Domestic Equity; the Russell 2000 for the Small Cap Domestic Equity; the MSCI All Country World Ex—U.S. Index for International Equities; and the Lehman Government/Credit Bond Index for fixed income investments.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, NUL 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). NUL targets a diversified asset allocation, placing 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

NUL has a policy of appropriating for distribution a percentage set each year of its endowment fund's average fair value over the prior 12 quarters through the calendar year end proceeding the fiscal year in which the distribution is planned. In establishing this policy, NUL considered the long-term expected return on its endowment. Over the long term, NUL expects the current spending policy to allow its endowment to grow at an average of 5% annually. This policy is consistent with NUL's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as providing additional real growth through market results.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
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**NOTE 14**      **ENDOWMENTS** *(continued)*

Amounts classified as permanently restricted net assets, temporarily restricted net assets (endowment only) and unrestricted net assets (endowment only) are as follows:

	<b>2013</b>	<b>2012</b>
<i>Endowment fund classified as permanently restricted net assets</i>		
The portion of the perpetual endowment fund that is required to be retained permanently either by explicit donor stipulation or by State law	<u>\$ 20,022,065</u>	<u>\$ 20,022,065</u>
<i>Endowment fund classified as temporarily restricted net assets</i>		
The portion of the perpetual endowment fund that is subject to appropriation	<u>\$ 1,419,274</u>	<u>\$ 337,217</u>
<i>Endowment fund classified as unrestricted net assets</i>		
The portion of the perpetual endowment fund that is unexpended	<u>\$ -</u>	<u>\$ 13,642</u>

**NOTE 15**      **RELATED-PARTY TRANSACTIONS**

Affiliates of the League are separately incorporated, non-profit organizations. Franchise fees are paid annually based on the budget size of the affiliates for an amount not to exceed \$15,000. In 2013 and 2012, NUL recognized franchise fees of \$961,748 and \$981,500, respectively.

Subcontractual payments are made by the League to affiliates for their services in carrying out specific projects. In 2013 and 2012, subcontract payments totaled \$19,524,612 and \$18,448,626, respectively.

The League received \$1,525,764 and \$1,412,725 in donated services and materials from affiliates in 2013 and 2012, respectively.

**NATIONAL URBAN LEAGUE, INC.**  
Notes to Consolidated Financial Statements  
December 31, 2013 and 2012

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**NOTE 16      NEW MARKETS TAX CREDIT**

On August 21, 2009, an agreement was signed between the League and Stonehenge Community Development LLC. This agreement enlists the consulting assistance of the League and its national network of affiliates in performing economic impact assessments for each Qualified Low-Income Community Investment (QLICI) under Stonehenge Community Development's New Market Tax Credits authority. For each QLICI, the League is paid an Economic Assessment Consulting Fee equal to 0.50% of the amount of each QLICI. The League received \$868,473 and \$1,091,000 in fees for the years ended December 31, 2013 and 2012, respectively.

**NOTE 17      SUBSEQUENT EVENTS**

The League has evaluated its subsequent events (events occurring after December 31, 2013) through June 30, 2014, which is the date the financial statements were available to be issued. Subsequent events that were noted are disclosed accordingly within the footnotes to the financial statements. There were no events noted that required adjustment to the financial statements.

## **SUPPLEMENTARY INFORMATION**

**NATIONAL URBAN LEAGUE, INC.**  
Consolidating Schedule of Financial Position  
As of December 31, 2013 and 2012

	<u>NUL</u>	<u>UEF</u>	<u>Eliminations &amp; Reclassifications</u>	<u>2013 Total</u>	<u>2012 Total</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,917,271	\$ 373,863	\$ -	\$ 9,291,134	\$ 13,233,779
Grants and pledges receivable	7,473,210	-	-	7,473,210	5,018,726
Franchise fees receivable, net	818,220	-	-	818,220	698,155
Other receivables	4,742,570	-	(6,051)	4,736,519	4,839,725
Prepaid expenses and other assets	823,951	16,177	-	840,128	650,353
Investments	21,172,723	-	-	21,172,723	20,368,924
Property and equipment—net of accumulated depreciation/amortization	4,204,662	-	-	4,204,662	1,835,281
Total assets	<u>\$ 48,152,607</u>	<u>\$ 390,040</u>	<u>\$ (6,051)</u>	<u>\$ 48,536,596</u>	<u>\$ 46,644,943</u>
<b>LIABILITIES AND NET ASSETS</b>					
<i>Liabilities</i>					
Accounts payable and accrued expenses	\$ 4,465,142	\$ 9,598	\$ (6,051)	\$ 4,468,689	\$ 4,794,817
Accrued payroll and vacation benefits	780,013	28,685	-	808,698	794,323
Accrued pension benefit costs	4,153,490	-	-	4,153,490	7,728,819
Accrued defined contribution costs	531,239	8,037	-	539,276	568,605
Deferred rent credit	313,353	-	-	313,353	263,020
Contract advances and other deposits	2,924,598	-	-	2,924,598	-
Loan payable	98,193	-	-	98,193	2,247,769
Total liabilities	<u>13,266,028</u>	<u>46,320</u>	<u>(6,051)</u>	<u>13,306,297</u>	<u>16,397,353</u>
<i>Net assets</i>					
Unrestricted—					
Undesignated	5,461,054	-	-	5,461,054	5,415,240
Urban Empowerment Fund	-	343,720	(343,720)	-	-
Pension related	(6,759,718)	-	-	(6,759,718)	(10,147,466)
Total unrestricted net assets	<u>(1,298,664)</u>	<u>343,720</u>	<u>(343,720)</u>	<u>(1,298,664)</u>	<u>(4,732,226)</u>
Temporarily restricted	16,163,178	-	343,720	16,506,898	14,957,751
Permanently restricted	20,022,065	-	-	20,022,065	20,022,065
Total net assets	<u>34,886,579</u>	<u>343,720</u>	<u>-</u>	<u>35,230,299</u>	<u>30,247,590</u>
<b>Total liabilities and net assets</b>	<u>\$ 48,152,607</u>	<u>\$ 390,040</u>	<u>\$ (6,051)</u>	<u>\$ 48,536,596</u>	<u>\$ 46,644,943</u>

**NATIONAL URBAN LEAGUE, INC.**  
Consolidating Schedule of Activities  
For the Year Ended December 31, 2013  
(With Consolidating Totals for the Year Ended December 31, 2012)

	NUL	UEF	Eliminations	2013 Total	2012 Total
<b>OPERATING ACTIVITIES</b>					
<i>Revenue, gains, and other support</i>					
Government grants and contracts	\$ 17,579,383	\$ -	\$ -	\$ 17,579,383	\$ 15,687,663
Donated materials and services	8,861,064	-	-	8,861,064	17,107,348
Contributions	20,061,527	685,000	-	20,746,527	22,919,854
Legacies and bequests	97,469	-	-	97,469	15,229
Special events	1,999,500	-	-	1,999,500	1,800,850
Federated fundraising agencies	21,331	-	-	21,331	9,671
Program service fees	6,246,310	-	-	6,246,310	6,280,562
Franchise fees	961,748	-	-	961,748	981,500
Net investment return designated for current operations	820,573	-	-	820,573	768,884
Sale of publications	32,096	-	-	32,096	38,157
Other	827,718	-	(72,417)	755,301	477,822
Total revenue, gains, and other support	<u>57,508,719</u>	<u>685,000</u>	<u>(72,417)</u>	<u>58,121,302</u>	<u>66,087,540</u>
<i>Operating expenses</i>					
<i>Program services</i>					
Economic empowerment	23,961,414	-	-	23,961,414	22,017,889
Education and youth empowerment	5,456,638	-	-	5,456,638	6,134,827
Civic engagement and leadership empowerment	14,337,031	-	-	14,337,031	23,232,291
Technical assistance to affiliates	1,879,722	-	-	1,879,722	1,808,170
Health and quality of life empowerment	2,698,294	-	-	2,698,294	2,299,744
Civil rights and racial justice empowerment	280,450	-	-	280,450	273,205
Urban Empowerment Fund	-	341,280	(72,417)	268,863	-
Total program services	<u>48,613,549</u>	<u>341,280</u>	<u>(72,417)</u>	<u>48,882,412</u>	<u>55,766,126</u>
<i>Supporting services</i>					
Management and general	5,264,797	-	-	5,264,797	5,442,660
Fundraising	3,462,456	-	-	3,462,456	3,379,172
Total expenses	<u>57,340,802</u>	<u>341,280</u>	<u>(72,417)</u>	<u>57,609,665</u>	<u>64,587,958</u>
Changes in net assets from operations	<u>167,917</u>	<u>343,720</u>	<u>-</u>	<u>511,637</u>	<u>1,499,582</u>
<b>NON-OPERATING ACTIVITIES</b>					
Net investment return net of amount designated for current operations	1,083,324	-	-	1,083,324	1,236,163
Pension-related changes other than net periodic pension costs	3,387,748	-	-	3,387,748	(1,048,310)
Total non-operating activities	<u>4,471,072</u>	<u>-</u>	<u>-</u>	<u>4,471,072</u>	<u>187,853</u>
Changes in net assets	4,638,989	343,720	-	4,982,709	1,687,435
Net assets, beginning of year	<u>30,247,590</u>	<u>-</u>	<u>-</u>	<u>30,247,590</u>	<u>28,560,155</u>
<b>Net assets, end of year</b>	<u>\$ 34,886,579</u>	<u>\$ 343,720</u>	<u>\$ -</u>	<u>\$ 35,230,299</u>	<u>\$ 30,247,590</u>

**NATIONAL URBAN LEAGUE, INC.**  
Schedule of Activities – National Urban League  
For the Year Ended December 31, 2013  
(With Comparative Totals for the Year Ended December 31, 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
<b>OPERATING ACTIVITIES</b>					
<i>Revenue, gains, and other support</i>					
Government grants and contracts	\$ 17,579,383	\$ -	\$ -	\$ 17,579,383	\$ 15,687,663
Donated materials and services	8,861,064	-	-	8,861,064	17,107,348
Contributions	5,432,428	14,629,099	-	20,061,527	22,919,854
Legacies and bequests	97,469	-	-	97,469	15,229
Special events	1,999,500	-	-	1,999,500	1,800,850
Federated fundraising agencies	21,331	-	-	21,331	9,671
Program service fees	6,246,310	-	-	6,246,310	6,280,562
Franchise fees	961,748	-	-	961,748	981,500
Investment return designated for current operations	820,573	-	-	820,573	768,884
Sale of publications	32,096	-	-	32,096	38,157
Other	827,718	-	-	827,718	477,822
<i>Net assets released from restrictions</i>					
Satisfaction of restrictions	14,505,729	(14,505,729)	-	-	-
Total revenue, gains, and other support	<u>57,385,349</u>	<u>123,370</u>	<u>-</u>	<u>57,508,719</u>	<u>66,087,540</u>
<i>Operating expenses</i>					
<i>Program services</i>					
Economic empowerment	23,961,414	-	-	23,961,414	22,017,889
Education and youth empowerment	5,456,638	-	-	5,456,638	6,134,827
Civic engagement and leadership empowerment	14,337,031	-	-	14,337,031	23,232,291
Technical assistance to affiliates	1,879,722	-	-	1,879,722	1,808,170
Health and quality of life empowerment	2,698,294	-	-	2,698,294	2,299,744
Civil rights and racial justice empowerment	280,450	-	-	280,450	273,205
Total program services	48,613,549	-	-	48,613,549	55,766,126
<i>Supporting services</i>					
Management and general	5,264,797	-	-	5,264,797	5,442,660
Fundraising	3,462,456	-	-	3,462,456	3,379,172
Total expenses	<u>57,340,802</u>	<u>-</u>	<u>-</u>	<u>57,340,802</u>	<u>64,587,958</u>
Changes in net assets from operations	44,547	123,370	-	167,917	1,499,582
<b>NON-OPERATING ACTIVITIES</b>					
Investment return net of amount designated for current operations	1,267	1,082,057	-	1,083,324	1,236,163
Pension-related changes other than net periodic pension costs	3,387,748	-	-	3,387,748	(1,048,310)
Total non-operating activities	<u>3,389,015</u>	<u>1,082,057</u>	<u>-</u>	<u>4,471,072</u>	<u>187,853</u>
Changes in net assets	3,433,562	1,205,427	-	4,638,989	1,687,435
Net assets, beginning of year	(4,732,226)	14,957,751	20,022,065	30,247,590	28,560,155
<b>Net assets, end of year</b>	<u>\$ (1,298,664)</u>	<u>\$ 16,163,178</u>	<u>\$ 20,022,065</u>	<u>\$ 34,886,579</u>	<u>\$ 30,247,590</u>

**NATIONAL URBAN LEAGUE, INC.**  
Schedule of Activities – Urban Empowerment Fund  
For the Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>
<b>OPERATING ACTIVITIES</b>				
<i>Revenue, gains, and other support</i>				
Contributions	\$ 685,000	\$ -	\$ -	\$ 685,000
<i>Net assets released from restrictions</i>				
Satisfaction of restrictions	-	-	-	-
Total revenue, gains, and other support	<u>685,000</u>	<u>-</u>	<u>-</u>	<u>685,000</u>
<i>Operating expenses</i>				
<i>Program services</i>				
Urban Empowerment Fund	341,280	-	-	341,280
Total program services	<u>341,280</u>	<u>-</u>	<u>-</u>	<u>341,280</u>
<i>Supporting services</i>				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	<u>341,280</u>	<u>-</u>	<u>-</u>	<u>341,280</u>
Changes in net assets from operations	<u>343,720</u>	<u>-</u>	<u>-</u>	<u>343,720</u>
<b>NON-OPERATING ACTIVITIES</b>				
Other	-	-	-	-
Total non-operating activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	343,720	-	-	343,720
Net assets, beginning of year	-	-	-	-
<b>Net assets, end of year</b>	<u>\$ 343,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,720</u>