



**Gary McGee & Co. LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

## **Urban League of Portland**

Financial Statements, Single Audit Reports, and Other  
Information as of and for the Year Ended June 30, 2018  
and Reports of Independent Accountants

URBAN LEAGUE OF PORTLAND

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

*The Board of Directors  
Urban League of Portland:*

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Urban League of Portland, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and revenues and expenses by function for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the 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 organization'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 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 financial statements referred to above present fairly, in all material respects, the financial position of Urban League of Portland as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards on pages 18 and 19, as required by Title 2, *U.S. Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

### *Summarized Comparative Information*

We have previously audited the Urban League of Portland's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 21, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2019 on our consideration of Urban League of Portland's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Urban League of Portland's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Urban League of Portland's internal control over financial reporting and compliance.



January 11, 2019

URBAN LEAGUE OF PORTLAND

**STATEMENT OF FINANCIAL POSITION**

JUNE 30, 2018

(WITH COMPARATIVE AMOUNTS FOR 2017)

	<b>2018</b>	<b>2017</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 208,754	441,574
Grants and contributions receivable ( <i>note 4</i> )	90,000	195,000
Contract payments receivable ( <i>note 5</i> )	869,487	720,816
Prepaid expenses and other assets	39,487	24,262
Land, furniture, and equipment ( <i>note 6</i> )	77,118	5,817
<b>Total assets</b>	<b>\$ 1,284,846</b>	<b>1,387,469</b>
<b>Liabilities:</b>		
Accounts payable and accrued expenses	80,076	197,701
Accrued payroll and related expenses	204,106	155,796
Grants payable	22,613	100,743
Deferred revenue	15,000	7,167
Note payable ( <i>note 7</i> )	355,000	-
<b>Total liabilities</b>	<b>676,795</b>	<b>461,407</b>
<b>Net assets:</b>		
Unrestricted:		
Available for programs and general operations	125,484	425,359
Net investment in capital assets	77,118	5,817
<b>Total unrestricted</b>	<b>202,602</b>	<b>431,176</b>
Temporarily restricted ( <i>note 8</i> )	405,449	494,886
<b>Total net assets</b>	<b>608,051</b>	<b>926,062</b>
Commitments and contingencies ( <i>notes 5, 12, 13, 14, and 15</i> )		
<b>Total liabilities and net assets</b>	<b>\$ 1,284,846</b>	<b>1,387,469</b>

See accompanying notes to financial statements.

URBAN LEAGUE OF PORTLAND

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			2017
	Unrestricted	Temporarily restricted	Total	
<b>Revenues, gains, and other support:</b>				
Government grants and other contracts <i>(note 9)</i>	\$ 3,290,180	212,000	3,502,180	2,670,623
Private grants, contributions, and memberships	105,864	104,952	210,816	587,429
Career Fair event income	60,400	—	60,400	70,489
Special events, net of direct expenses of \$68,279 in 2018 and \$59,269 in 2017	157,956	—	157,956	216,355
Other	33,801	—	33,801	47,343
Total revenues and gains	3,648,201	316,952	3,965,153	3,592,239
Net assets released from restrictions <i>(note 10)</i>	406,389	(406,389)	—	—
Total revenues, gains, and other support	4,054,590	(89,437)	3,965,153	3,592,239
<b>Expenses <i>(note 11)</i>:</b>				
Program services:				
Housing and outreach assistance	2,052,373	—	2,052,373	1,174,756
Workforce and youth services	626,733	—	626,733	549,657
Advocacy and civic engagement	488,257	—	488,257	501,363
Senior services	336,567	—	336,567	260,485
Community health workers and healthy families	103,844	—	103,844	93,876
Young Professionals	17,782	—	17,782	16,736
Total program services	3,625,556	—	3,625,556	2,596,873
Supporting services:				
Management and general	590,162	—	590,162	479,647
Fundraising	67,446	—	67,446	61,952
Total supporting services	657,608	—	657,608	541,599
Total expenses	4,283,164	—	4,283,164	3,138,472
Increase (decrease) in net assets	(228,574)	(89,437)	(318,011)	453,767
Net assets at beginning of year	431,176	494,886	926,062	472,295
Net assets at end of year	\$ 202,602	405,449	608,051	926,062

See accompanying notes to financial statements.

URBAN LEAGUE OF PORTLAND

**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)

	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities:</b>		
Cash received from government grants and other contracts	\$ 3,352,842	2,262,065
Cash received from private donors, grantors, members, and others	621,252	748,330
Cash paid to employees, suppliers, and others	(4,463,025)	(2,873,525)
Cash paid for interest	(15,216)	-
Net cash provided by (used in) operating activities	(504,147)	136,870
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(83,673)	(4,500)
Net cash used in investing activities	(83,673)	(4,500)
<b>Cash flows from financing activities:</b>		
Net draws on line of credit	355,000	-
Net cash provided by financing activities	355,000	-
Net increase (decrease) in cash and cash equivalents	(232,820)	132,370
Cash and cash equivalents at beginning of year	441,574	309,204
Cash and cash equivalents at end of year	\$ 208,754	441,574

See accompanying notes to financial statements.

URBAN LEAGUE OF PORTLAND

**STATEMENT OF REVENUES AND EXPENSES BY FUNCTION**

YEAR ENDED JUNE 30, 2018  
(WITH COMPARATIVE TOTALS FOR 2017)

	Program services				
	Housing and outreach assistance	Workforce and Youth services	Advocacy and civic engagement	Senior services	Healthy Family
<b>Revenues, gains, and other support:</b>					
Government grants and other contracts	\$ 2,101,936	588,099	393,077	284,047	100,000
Private grants, contributions, and memberships	1,400	83,575	2,113	12,665	–
Career Fair event income	–	60,400	–	–	–
Special events, net	–	–	–	–	–
Other	8,082	21,346	–	250	–
<b>Total revenues, gains, and other support</b>	<b>2,111,418</b>	<b>753,420</b>	<b>395,190</b>	<b>296,962</b>	<b>100,000</b>
<b>Expenses:</b>					
Salaries and related costs	588,170	357,481	332,454	278,306	90,450
Professional fees	101,690	82,950	45,936	3,023	1,091
Grants	–	9,663	11,956	80	100
Specific assistance	1,198,574	34,769	6,327	6,189	136
Supplies and equipment	12,331	10,905	7,978	2,273	359
Utilities and telecommunications	24,693	3,026	4,588	2,291	914
Occupancy	9,982	5,000	203	–	–
Printing	2,943	3,188	3,392	297	1,747
Travel and meetings	39,754	32,311	29,436	13,360	1,551
Events	10	783	6,549	238	–
Insurance	500	–	–	–	–
Training	13,877	46,749	25	–	–
Information technology	250	29	950	10	–
Other expenses	15,450	7,880	10,466	210	–
<b>Total expenses before allocation of indirect costs</b>	<b>2,008,224</b>	<b>594,734</b>	<b>460,260</b>	<b>306,277</b>	<b>96,348</b>
<b>Allocation of indirect costs</b>	<b>44,149</b>	<b>31,999</b>	<b>27,997</b>	<b>30,290</b>	<b>7,496</b>
<b>Total expenses</b>	<b>2,052,373</b>	<b>626,733</b>	<b>488,257</b>	<b>336,567</b>	<b>103,844</b>
<b>Net increase (decrease) in net assets</b>	<b>\$ 59,045</b>	<b>126,687</b>	<b>(93,067)</b>	<b>(39,605)</b>	<b>(3,844)</b>

See accompanying notes to financial statements.



**2018**

Young Professionals	Supporting services					Total	Total	2017
	Total	Management and general	Fund-raising	Indirect costs	Total			
-	3,467,159	35,021	-	-	35,021	3,502,180	2,670,623	
4,268	104,021	2,820	103,975	-	106,795	210,816	587,429	
-	60,400	-	-	-	-	60,400	70,489	
-	-	-	157,956	-	157,956	157,956	216,355	
2,316	31,994	1,801	6	-	1,807	33,801	47,343	
6,584	3,663,574	39,642	261,937	-	301,579	3,965,153	3,592,239	
-	1,646,861	373,852	17,726	8,618	400,196	2,047,057	1,580,183	
1,538	236,228	88,846	44,009	69,026	201,881	438,109	275,119	
-	21,799	815	150	-	965	22,764	151,260	
-	1,245,995	4,139	-	-	4,139	1,250,134	582,587	
130	33,976	6,839	-	9,382	16,221	50,197	128,700	
-	35,512	1,613	-	6,093	7,706	43,218	16,005	
-	15,185	3,546	-	55,369	58,915	74,100	55,736	
-	11,567	2,009	562	3,327	5,898	17,465	26,205	
3,718	120,130	13,868	134	65	14,067	134,197	121,213	
7,679	15,259	681	-	-	681	15,940	22,475	
-	500	3,521	-	13,117	16,638	17,138	13,056	
-	60,651	1,098	-	-	1,098	61,749	52,420	
20	1,259	99	-	47	146	1,405	33,597	
4,697	38,703	62,035	3,811	5,142	70,988	109,691	79,916	
17,782	3,483,625	562,961	66,392	170,186	799,539	4,283,164	3,138,472	
-	141,931	27,201	1,054	(170,186)	(141,931)	-	-	
17,782	3,625,556	590,162	67,446	-	657,608	4,283,164	3,138,472	
(11,198)	38,018	(550,520)	194,491	-	(356,029)	(318,011)	453,767	

**NOTES TO FINANCIAL STATEMENTS**

YEAR ENDED JUNE 30, 2018

**1. Organization**

The Urban League of Portland (the “League”) is the premier social service and civil rights organization in the Portland metropolitan region. The League was founded in 1945 and is one of 92 affiliates of the National Urban League. The mission of the League is to help empower African-Americans and others to achieve equality in education, employment, and economic security. The League’s Board of Directors reflects a diverse body of community, governmental, and corporate leaders. The League implements its mission through advocacy, outreach, bridge-building, and a range of program services.

**2. Program Services**

During the year ended June 30, 2018, the League incurred program service expenses in the following major categories:

**Senior Services** – The League has served seniors for more than forty years, providing one of the only African-American, culturally specific senior service programs in the state. It provides or connects seniors with services that allow them to remain safely in their homes and communities, including services such as preventative health services, crisis/emergency counseling, telephone reassurance to homebound elderly, case management services, transportation, advocacy, and other programs and activities for hundreds of seniors living on fixed incomes in the north and northeast sections of Portland. Additional senior services include outreach support and assistance, cultural advising, and culturally specific congregate meals for African Americans, African immigrants and refugees from all geographical areas of Multnomah County. In addition, the League coordinate activities such as sports, performing arts, games, cooking, and crafts that appeal to the interests of adults 60 years and older to promote healthy living and socialization.

**Advocacy and Civic Engagement** – The ACE department works to achieve policy and community change that advances equality, social and economic justice, and civil rights for African-Americans and others in Oregon. It works to advance the League’s mission of economic empowerment and civil rights through building partnerships and coalitions, advocacy, outreach and community organizing, policy research and analysis, issue campaigns, and publications that elevate the issues of its community and propose solutions for policy and social change. The League also conducts research and proposes specific solutions that focus on the African American population through the *State of Black Oregon* publication that highlights the unique structural inequalities and barriers to racial equality in Oregon. Legislative Advocacy is critical to the League especially in working collectively to bring compelling messages to state legislators to influence policy development and/or change. Creating institutional change requires an organized approach that the League understands and practices through Racial and Health Equity Promotion. The League works closely with health and community advocates to develop strategies and tools for equity.

**Workforce and Youth Services** – The Urban League’s workforce development programs work to increase employment for African-Americans and others to enhance their quality of life by offering comprehensive job training and placement services. The Workforce services include connecting people with career opportunities, mentoring, coaching, and long-term retention strategies. With an expanding workforce department, the League continues to find employment for professionals and executives, those in the trade and skilled labor markets, in addition to entry-level individuals and students, as it has successfully done for the last six decades. The League also provides job-related events, such as its Career Connections Job Fair, held annually and for over thirty years.

The Urban League provides a Summer Youth Employment program that provides job readiness training on fundamental skills required to obtain and maintain employment. Separate program designs are for middle school students, as well as a high school and a young adults program. As part of this program, participants go on site visits to local employers and higher education institutions. The League, in conjunction with Portland Public Schools, provides an after school leadership program that provides extracurricular support to middle school and high school students to promote academic achievement and postsecondary education.

**Community Health Workers & Healthy Families –**

The Urban League is working to build the workforce of Community Health Workers throughout the state, and to more fully integrate them into health care teams to insure high-quality, culturally competent care to traditionally under-served Black populations within an integrated and coordinated health care, education, and social service system. Community Health Workers (CHWs) are trusted community members who promote health in their own communities and who bridge the gaps between communities and social systems. Urban League CHWs make important contributions to preventing disease and promoting health via education and self-management, and by increasing access to care through health insurance outreach and enrollment. Our family advocate CHWs are helping empower families to self-advocate, and decreasing health and educational disparities by directly addressing social determinants of health and educational achievement. Our community health workers help community members navigate and access a wide variety of community resources including health insurance navigation, parent and child education, stable housing, and HIV testing and education. Additionally our CHWs provide access to recreational activities and creative arts and music workshops that help develop cultural pride, while also promoting inclusivity.

**Housing and Outreach Assistance –** The Urban League of Portland Housing programs provide outreach, assessment and support services for those who are homeless or at imminent risk of becoming homeless. Through our street outreach programs, the League identifies and builds rapport with individuals and families who are experiencing chronic homelessness and are in need of intensive services to have access to safe housing. Among the services provided are information and referral services, financial assistance with housing costs, access to transportation, food, and identification. We offer permanent supportive housing and housing placement services for people who are chronically homeless to find safe, stable and permanently affordable housing. The League also works to help prevent eviction, provide rent assistance, mediate tenant-landlord disputes, secure stable housing, and more. We offer long term wraparound services to help people work through individual challenges that can threaten their housing, such as substance use disorders, incarceration, or unemployment, to remain safe and stable in their homes.

**Young Professionals –** The Urban League of Portland Young Professionals (“ULPDXYP”) are a volunteer auxiliary of the Urban League of Portland that encourages young professionals, ages 21 to 40, to empower their communities and change lives through the Urban League Movement. The ULPDXYP hosts monthly professional and personal development programming for its members and connects them to the Urban League’s work in advocacy, civic engagement and workforce development. Financial activity from the ULPDXYP is included in the financial statements.

### 3. Summary of Significant Accounting Policies

The significant accounting policies followed by the League are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting** – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Basis of Presentation** – The League has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) No. 958-605, *Revenue Recognition*, and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the League and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the League and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

**Contributions** – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

**Contributions of Long-Lived Assets** – Contributions of land, buildings, and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

**Outstanding Legacies** – The League is the beneficiary under various wills and trust agreements, the total realizable amounts of which are not presently determinable. The League’s share of such bequests is recorded when the probate court has declared the testamentary instrument valid and the proceeds are measurable.

**In-Kind Contributions** – Consistent with the requirements of FASB ASC No. 958-605, the League reports as revenue the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing those skills, and represent services that would have been purchased had they not been donated. In addition, the League regularly receives contributed services from a large number of volunteers who assist in program activities, fund-raising, and other efforts through their participation in a range of events and by working with members of the organization staff in a variety of capacities. Consistent with FASB ASC No. 958-605, the value of such services, which the League considers not practicable to estimate, have not been recognized in the accompanying financial statements. During the year ended June 30, 2018, no contributed services were recorded.

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an integral part of the organization's activities. During the year ended June 30, 2018, \$23,500 in donated materials and supplies was recorded.

**Benefits Provided to Donors at Special Events** – The League conducts special fund-raising events in which a portion of the gross proceeds paid by the participants represents payment for the direct cost of the benefits received by participants at the event. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the League.

**Cash Equivalents** – For purposes of the financial statements, the League considers all liquid investments having initial maturities of three months or less to be cash equivalents.

**Capital Assets and Depreciation** – Capital assets are carried at cost, and initially at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally five years for furniture, telephone systems and computers and other equipment. Normal repairs and maintenance are charged to expense when incurred.

**Revenue Recognition** – All contributions and grants are considered available for unrestricted use, unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned. Membership dues are considered equivalent to unrestricted contributions and are recognized as revenue when received.

**Limitations on Certain Unrestricted Net Assets** – A certain portion of unrestricted net assets are limited by contract to use within the program from which they were generated. In these cases, surplus funds are not refundable or payable to the contractor or grantor, but are generally limited to providing an extension or continuation of specific program services.

**Grants Awarded** – Grants are accrued when awarded by the organization and unconditional. Grants are provided from available resources and in accordance with restrictions imposed by donors.

**Concentrations of Credit Risk** – The League's financial instruments consist primarily of cash equivalents and common stocks, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). In addition, the market value of securities is dependent on the ability of the issuer to honor its contractual commitments, and the investments are subject to changes in market values.

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to \$250,000 for each depositor, for each insured bank, for each account ownership category.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

**Conflict-of-Interest Policies** – Included among the League’s Board members, committee members, and executives, are individuals from the community who provide valuable assistance to the League in the development of policies and programs, and in the evaluation and oversight of services. The League has established a conflict-of-interest policy whereby Board and committee members must advise the Board of Directors of any direct or indirect interest in any transaction or relationship with the League, and do not participate in discussions and decisions regarding any action affecting their individual, professional, or business interests.

**Income Taxes** – The League is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code and comparable state law, and derives its public charity status as an organization described in Sections 170(b)(1)(A)(vi) and 509(a)(1) of the Internal Revenue Code.

**Subsequent Events** – As required by FASB ASC No. 855-10, *Subsequent Events*, subsequent events have been evaluated by management through January 11, 2019, which is the date the financial statements were available to be issued.

**Summarized Financial Information for 2017** – The accompanying financial information as of and for the year ended June 30, 2017, is presented for comparative purposes only, and is not intended to represent a complete financial statement presentation.

**Other Significant Accounting Policies** – Other significant accounting policies are set forth in the financial statements and the following notes.

#### 4. Grants and Contributions Receivable

Grants and contributions receivable at June 30, 2018 total \$90,000 and represent unconditional promises expected to be collected within one year.

#### 5. Contract Payments Receivable

At June 30, 2018, the following contract payments receivable were outstanding:

City of Portland	\$ 298,575
National Urban League	93,926
Self Enhancement, Inc.	164,657
Immigrant & Refugee Community Organization	46,167
Multnomah County	95,735
State of Oregon	31,802
United Way of the Columbia-Willamette	12,500
Hollywood Senior Center	33,054
Transitional Projects	25,930
Cascadia Behavioral Healthcare	13,184
Portland Public Schools	30,000
Other	23,957
	\$ 869,487

As of June 30, 2018, the League had access to an additional \$840,221 in government grants and other contracts, the receipt of which is conditioned upon the incurrence of allowable costs. These contract revenues have not been included in the accompanying financial statements because the associated conditions had not been satisfied as of June 30, 2018.

## 6. Land, Furniture, and Equipment

A summary of land, furniture, and equipment at June 30, 2018 is as follows:

Land	\$	1,000
Computers and other equipment		127,721
Furniture and fixtures		108,646
Telephone system		39,102
		<hr/>
		276,469
Less accumulated depreciation		(199,351)
		<hr/>
	\$	77,118
		<hr/>

## 7. Note Payable

The League maintains a \$500,000 line of credit with a commercial bank, which matures in June of 2019. The interest rate on the line is the LI-BOR rate, plus 5.46% (averaging approximately 7.03% during the year ended June 30, 2018). The line of credit is secured by all of the League's assets. At June 30, 2018, \$355,000 was outstanding on the line. Interest expense on the note totaled \$17,384 for the year ended June 30, 2018.

## 8. Restrictions and Limitations on Net Asset Balances

Temporarily restricted net assets held at June 30, 2018 represent contributions, grants, and other unexpended revenues and gains available for the following:

Housed, Healthy, Empowered Project	\$	223,567
Advocacy		85,572
Workforce		96,310
		<hr/>
	\$	405,449
		<hr/>

## 9. Government Grants and Other Contracts

For the year ended June 30, 2018, government grants and other contract revenue represent the following:

Multnomah County	\$	1,311,142
State of Oregon		114,884
Self Enhancement, Inc.		873,671
National Urban League		338,240
Hollywood Senior Center		173,975
Immigrant & Refugee Community Organization		201,860
City of Portland, Office of Neighborhood Involvement		146,583
United Way of the Columbia-Willamette		75,000
Cascadia Behavioral Healthcare		73,336
Portland Public Schools		48,000
Ride Connection		46,045
Transition Projects		55,311
Oregon Community Health Workers Association		28,952
Native American Youth and Family Center		12,921
Latino Network		2,260
		<hr/>
	\$	3,502,180
		<hr/>

## 10. Net Assets Released from Restrictions

During the year ended June 30, 2018, the League incurred \$406,389 in expenses in satisfaction of the restricted purposes specified by donors, or by the occurrence of other events specified by donors.

## 11. Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Expenses by natural classification are presented in the statement of revenues and expenses by function.

## 12. Retirement Plan

The League has adopted a SIMPLE IRA plan that is available to all employees upon hire. Employee may contribute to the plan on a pre-tax basis up to the limits allowed by law. The League contributes 2% of employee gross annual salary, beginning on the date of eligibility, which is when an employee's compensation reaches \$5,000 within a calendar year. The contributions are immediately 100% vested. Contributions by the League to the plan totaled \$28,607 for the year ended June 30, 2018.

## 13. Operating Lease Commitments

The League leases its administrative offices, storage space, and classroom space under leases that expire in June of 2019 and June of 2020. Base rent each month totals \$4,090 and \$1,545, respectively. The League also leases certain office equipment under an operating lease that expires in March of 2021.

At June 30, 2018, the approximate minimum rental commitments for the above leases are as follows:

<i>Years ending June 30,</i>	
2019	\$ 79,070
2020	26,955
2021	2,104
	<hr/>
	\$ 108,129

Rent expense for the above leases totaled \$82,170 for the year ended June 30, 2018.

## 14. Contingencies

Amounts received or receivable under the League's contracts with governmental and non-profit contractors are subject to audit and adjustment by City of Portland, Multnomah County, the State of Oregon, agencies of the federal government, and others. Any expenditures or claims disallowed as a result of such audits would become a liability of the League's general operating funds. In the opinion of the League's management, any adjustment that might result from such audits would not be material to the League's overall financial statements.

## 15. Self-Insured Unemployment Coverage

The League is self-insured for unemployment claims under a plan administered by a third party. Annually, the administrator recommends the organization's contributions to the plan to pay future unemployment claims as they arise. At June 30, 2018, the League had a deposit balance in the plan of approximately \$12,855, reported among "prepaid expenses and other assets" in the statement of financial position.

Future claim costs, if any, cannot be reasonably estimated at this time, and therefore, no liability has been accrued in the accompanying financial statements for future claim costs.

## 16. Reclassification of 2017 Comparative Totals

Certain 2017 amounts presented herein have been reclassified to conform to the 2018 presentation.



## 17. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash used in operating activities (as reported on the statement of cash flows):

Decrease in net assets	\$ (318,011)
<hr/>	
<i>Adjustments to reconcile decrease in net assets to net cash used in operating activities:</i>	
Depreciation	12,372
<i>Net changes in:</i>	
Grants and contributions receivable	105,000
Contract payments receivable	(148,671)
Prepaid expenses and other assets	(15,225)
Accounts payable and accrued expenses (including interest payable of \$2,168)	(117,625)
Accrued payroll and related expenses	48,310
Grants payable	(78,130)
Deferred revenue	7,833
<hr/>	
Total adjustments	(186,136)
<hr/>	
Net cash used in operating activities	\$ (504,147)
<hr/>	

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URBAN LEAGUE OF PORTLAND

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2018

<b>Federal grantor/pass-through grantor/program or cluster title</b>	<b>Pass-through entity identifying number</b>	<b>Federal CFDA number</b>	<b>Provided to subrecipients</b>	<b>Total federal expenditures</b>
<b>U.S. Department of Housing and Urban Development:</b>				
<i>Passed through Self Enhancement, Inc.:</i>				
Continuum of Care Program	133997	14.267	\$ –	633,500
Continuum of Care Program	133996	14.267	–	210,171
Total CFDA 14.267				843,671
<i>Passed through City of Portland, Homeforward</i>				
Moving to Work Demonstration Program	C1888	14.881	–	14,725
Total U.S. Department of Housing and Urban Development				858,396
<b>U.S. Department of Labor:</b>				
<i>Passed through National Urban League:</i>				
H-1B Job Training Grants	HG-28091-16-60-A-36	17.268	–	278,240
Total U.S. Department of Labor				278,240
<b>U.S. Department of Transportation:</b>				
<i>Passed through Ride Connection, Inc.:</i>				
Enhanced Mobility of Seniors and Individuals with Disabilities	17-18527	20.513	–	45,845
Total U.S. Department of Transportation				45,845
<b>U.S. Department of Health and Human Services:</b>				
<i>Passed through Hollywood Senior Center:</i>				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	440003779	93.044	–	14,323
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	440005565	93.044	–	11,694
<i>Passed through Multnomah County:</i>				
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	440003788	93.044	–	5,126
Total CFDA 93.044				31,143

Continued

URBAN LEAGUE OF PORTLAND

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**

YEAR ENDED JUNE 30, 2018

Federal grantor/pass-through grantor/program or cluster title	Pass-through entity identifying number	Federal CFDA number	Provided to subrecipients	Total federal expenditures
<i>Passed through Hollywood Senior Center:</i>				
National Family Caregiver Support Title II, Part E	440003779	93.052	–	6,286
National Family Caregiver Support Title II, Part E	440005565	93.052	–	14,066
<i>Passed through Multnomah County:</i>				
National Family Caregiver Support Title II, Part E	440003788	93.052	–	3,184
Total CFDA 93.052			–	23,536
<i>Passed through Hollywood Senior Center:</i>				
Special Programs for the Aging Title III, Part D Disease Prevention and Health Medical Assistance Program	440005565	93.043	–	9,648
	440003779	93.778	–	6,505
<i>Passed through City of Portland, Homeforward</i>				
Temporary Assistance for Needy Families	C1888	93.558	–	3,769
Total U.S. Department of Health and Human Services			–	74,601
<b>Total expenditures of federal awards</b>			<b>\$ –</b>	<b>1,257,082</b>

See accompanying notes to schedule of expenditures of federal awards.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2018

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Urban League of Portland under the programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Urban League of Portland, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Urban League of Portland.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3. Indirect Cost Rate**

Urban League of Portland has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

*The Board of Directors  
Urban League of Portland:*

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Urban League of Portland, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and revenues and expenses by function for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Urban League of Portland's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Urban League of Portland's internal control. Accordingly, we do not express an opinion on the effectiveness of Urban League of Portland's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs finding nos. 2018-002 and 2018-004 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs finding nos. 2018-001 and 2018-003 to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Urban League of Portland's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding nos. 2018-002 and 2018-004.

**Urban League of Portland Responses to Findings**

Urban League of Portland's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Urban League of Portland's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Handwritten signature in black ink, appearing to read "Coyne & Co. LLP".

January 11, 2019

**REPORTS OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

*The Board of Directors  
Urban League of Portland:*

**Report on Compliance for Each Major Federal Program**

We have audited Urban League of Portland's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Urban League of Portland's major federal programs for the year ended June 30, 2018. Urban League of Portland's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

*Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of Urban League of Portland's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Urban League of Portland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Urban League of Portland's compliance.

*Opinion on Each Major Federal Program*

In our opinion, Urban League of Portland complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item nos. 2018-001, 2018-002, and 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

Urban League of Portland's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Urban League of Portland's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Urban League of Portland is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Urban League of Portland's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Urban League of Portland's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item nos. 2018-002 and 2018-004 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item nos. 2018-001 and 2018-003 to be significant deficiencies.

Urban League of Portland's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Urban League of Portland's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



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

*CayCo & Co. LLP*

January 11, 2019

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2018

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**Section 1 – Summary of Auditor’s Results**

*Financial Statements*

1. Type of auditor’s report issued on whether the audited financial statements were prepared in accordance with GAAP – **unmodified**
2. Significant deficiency(ies) in internal control identified in the audit of the financial statements – **yes**
3. Material weakness(es) in internal control identified in the audit of the financial statements – **yes**
4. Noncompliance that is material to the financial statements noted – **yes**

*Federal Awards*

5. Significant deficiency(ies) in internal control over major federal programs identified in the audit – **yes**
6. Material weakness(es) in internal control over major federal programs identified in the audit – **yes**
7. The type of auditor’s report issued on compliance for major federal programs – **unmodified**
8. Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) – **yes**

*Identification of Major Federal Programs*

- **U.S. Department of Housing and Urban Development – Continuum of Care (CFDA No. 14.267)**

9. Dollar threshold used to distinguish between Type A and Type B programs – **\$750,000**
10. Is the auditee qualified as a low-risk auditee under 2 CFR 200.520? – **no**

**Section 2 – Financial Statement Findings**

11. Findings relating to the financial statements reported in accordance with *Government Auditing Standards* – **Finding nos. 2018-001, 2018-002, 2018-003, and 2018-004**

**Section 3 – Federal Award Findings and Questioned Costs**

12. Findings and questioned costs relating to federal awards – **Finding nos. 2018-001, 2018-002, 2018-003, and 2018-004**

*Continued*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

YEAR ENDED JUNE 30, 2018

**Finding Number:** 2018-001  
**Finding Type:** Federal award finding and financial statement finding  
**CFDA Number:** 14.267  
**Program Name:** Continuum of Care Program  
**Federal Agency:** U.S. Department of Housing and Urban Development  
**Pass-Through Entity:** Self Enhancement, Inc.  
**Grant Number:** 133996  
**Federal Award Year:** 2017 through 2018  
**Control Deficiency Type:** Significant deficiency over compliance and over financial reporting  
**Instance of Noncompliance:** Yes  
**Compliance Requirement:** Eligibility  
**Questioned Costs:** None  
**Repeat Finding:** N/A

*Criteria:* Only eligible participants should benefit from the program, and the organization should have monitoring procedures in place to ascertain that all established internal control policies and procedures regarding program participant eligibility determination are being followed.

*Condition:* Out of a sample of 15 participants, representing approximately 11% of the population, we noted one instance in which the participant did not meet the eligibility requirement for the program.

*Cause:* While this participant met the eligibility requirements for a program he applied for, the organization inadvertently charged the housing assistance award of \$1,650 to this program instead.

*Effect:* An ineligible participant benefited from this program.

*Questioned Costs:* No known or likely questioned costs greater than \$25,000.

*Audit Recommendation:* The organization should establish procedures to ensure that all participants of the program are eligible.

*Management's Response:* We will be implementing a process where the finance department will select program individuals on a random basis to ensure that all eligibility requirements are met. The finance department will conduct a full audit of the eligibility and file completeness of 15% of participants receiving assistant each month. The files will be selected at random. Additionally, the housing program assistant will review the general ledger for each housing assistant fund each month to ensure that all housing checks were coded to the proper department to ensure there are no misclassified payments. We have hired one additional accounting staff which will allow us to implement this task.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

YEAR ENDED JUNE 30, 2018

**Finding Number:** 2018-002  
**Finding Type:** Federal award finding and financial statement finding  
**CFDA Number:** 14.267  
**Program Name:** Continuum of Care Program  
**Federal Agency:** U.S. Department of Housing and Urban Development  
**Pass-Through Entity:** Self Enhancement, Inc.  
**Grant Number:** 133996 and 133997  
**Federal Award Year:** 2017 through 2018  
**Control Deficiency Type:** Material weakness over compliance and over financial reporting  
**Instance of Noncompliance:** Yes  
**Compliance Requirement:** Allowable costs  
**Questioned Costs:** None  
**Repeat Finding:** N/A

*Criteria:* The organization should have procedures in place to ensure that indirect costs are charged uniformly to both federally funded activities and other activities of the organization and the allocation methodology provides for an equitable allocation of indirect and shared administrative costs.

*Condition:* The League charges administrative and indirect costs to grants and contracts as allowed by those grants and contracts. However, allocations of administrative costs are not documented.

*Cause:* The League tracks the allocation of certain indirect costs in the accounting system while the allocation of certain shared administrative costs are not tracked either in the accounting system nor a side system.

*Effect:* This results in charges to grants and contracts that are not supported by a system of allocation of administrative and indirect costs.

*Questioned Costs:* No known or likely questioned costs greater than \$25,000.

*Audit Recommendation:* We recommend that the League implement systems to ensure all charges of administrative and indirect costs to grants and contracts are evidenced by an allocation that is both supported and equitable, either in the accounting system or side system.

*Management's Response:* We are in the process of revising the procedures for capturing all indirect and shared administrative costs with one system. This system will allow us to allocate all costs that are incurred for common or joint purposes benefitting more than one cost objective. After indirect costs have been allocated, we will determine what the remaining shared administrative burden is and allocate that to all other cost centers in an equitable way. This administrative cost allocation will be tracked within our accounting system similar to how the indirect cost allocation is being tracked.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

YEAR ENDED JUNE 30, 2018

**Finding Number:** 2018-003  
**Finding Type:** Federal award finding and financial statement finding  
**CFDA Number:** 14.267  
**Program Name:** Continuum of Care Program  
**Federal Agency:** U.S. Department of Housing and Urban Development  
**Pass-through Entity:** Self Enhancement, Inc.  
**Grant Number:** 133996 and 133997  
**Federal Award Year:** 2017 through 2018  
**Control Deficiency Type:** Significant deficiency over compliance and over financial reporting  
**Instance of Noncompliance:** No  
**Compliance Requirement:** Allowable costs  
**Questioned Costs:** None  
**Repeat Finding:** N/A

*Criteria:* Costs must be adequately documented in order to be allowable under federal awards and other awards, as required by allowable cost/cost principles contained in Title 2, *U.S. Code of Federal Regulations (CFR)*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, subpart E. The organization should have controls to ensure only allowable costs are charged to the federal awards.

*Condition:* During our review of credit card charges, we noted that charges to the credit cards were not supported in all cases with adequate documentation.

*Cause:* We understand that the organization has established a policy with regard to the submission of supporting documents; however, it appears the policy was not always followed.

*Effect:* Undocumented charges to the credit cards could result in unallowable costs under 2 CFR, Part 200, subpart E. Also undocumented charges could have tax implications for the staff member as well as for the organization.

*Questioned Costs:* No known or likely questioned costs greater than \$25,000.

*Audit Recommendation:* The organization should establish monitoring procedures to ensure that charges to credit cards are adequately documented and approved, and comply with all established policies, procedures and the Internal Revenue Service’s accountable plan rules. Specifically, adequate documentation should include original itemized receipt, clear documentation of the amount, time and place, and business purpose of the expense.

*Management’s Response:* We have created a credit card usage policy that is signed by all individuals who have been assigned a company credit card. We have also created a designated e-mail inbox for credit card purchases. All employees that have credit cards are encouraged to send all receipts to this e-mail inbox. We have also designated one staff person to be in charge of the credit card process, and they will ensure that all supporting documents are retained with the monthly credit card statements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**

YEAR ENDED JUNE 30, 2018

<b>Finding Number:</b>	<b>2018-004</b>
<b>Finding Type:</b>	<b>Federal award finding and financial statement finding</b>
<b>CFDA Number:</b>	<b>14.267</b>
<b>Program Name:</b>	<b>Continuum of Care Program</b>
<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Pass-through Entity:</b>	<b>Self Enhancement, Inc.</b>
<b>Grant Number:</b>	<b>133996 and 133997</b>
<b>Federal Award Year:</b>	<b>2017 through 2018</b>
<b>Control Deficiency Type:</b>	<b>Material weakness over compliance and over financial reporting</b>
<b>Instance of Noncompliance:</b>	<b>Yes</b>
<b>Compliance Requirement:</b>	<b>Allowable costs</b>
<b>Questioned Costs:</b>	<b>\$40,854</b>
<b>Repeat Finding:</b>	<b>N/A</b>

*Criteria:* Costs billed to federal agencies or other contractors under cost reimbursement agreements must be adequately documented in order to be allowable under federal awards, as required by allowable cost/cost principles contained in Title 2, U.S. Code of Federal Regulations (CFR), Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, subpart E, or under other contracts. Billed amounts should be supported by costs reported in the accounting system and/or a side system.

*Condition:* The organization uses QuickBooks classes to track revenue and expenses allocated to cost reimbursement contracts and grants that are both federally and non-federally funded. We noted instances where the revenue recorded in the QuickBooks class for cost reimbursement contracts exceeded the expenses charged to the class and a reconciliation for the amount billed was not readily available.

*Cause:* We noted that amounts billed under this federal award exceeded direct and indirect costs by \$40,854. However, as we reported in finding no. 2018-002, the organization also allocates shared administrative costs to grants and contracts as allowed under the agreement, but the allocation of certain shared administrative costs are not tracked either in the accounting system nor a side system. Had the organization tracked or documented the allocation of the shared administrative costs, approximately \$32,500 in allocable shared administrative costs could be attributable to this award and explain this variance, leaving only \$8,354 in unsupported billings.

*Effect:* Expenses reimbursed by contracts are not supported by the accounting system or other reconciling documentation, which could result in unallowable costs.

*Questioned Costs:* Likely questioned costs total \$40,854 but approximately \$32,500 could be explained by allocations of shared administrative costs that was not documented.

*Audit Recommendation:* The organization should have policies and procedures in place to ensure amounts billed under cost reimbursement contracts and grants are supported by costs reported in the accounting system or side system, and when amounts billed vary from the accounting system, a reconciliation should be prepared. All billings should be reviewed and reconciled to the accounting system.

*Management's Response:* By having an additional accounting staff, we will be able to ensure that there is individual ownership of all accounting processes. This additional person will also allow us to ensure that we have a review process in place for all transaction cycles. The review process will be performed by a second person independent of the preparation of the transaction. This review will ensure that if mistakes are made that they are caught and corrected in a timely manner. We are updating our Fiscal Policies and have created a template for allocating allowed administrative costs.

URBAN LEAGUE OF PORTLAND

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

YEAR ENDED JUNE 30, 2018

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There were no findings reported in the prior audit.

**GOVERNING BOARD AND MANAGEMENT**

2017–2018

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**Board of Directors**

Michael Lewellen, *Board Chairman*  
Eric Olson, *Vice Chairman*  
Andreas Moppin, *Treasurer*  
Dr. Corey Frazier, *Secretary*  
Melanie Maurice, *Assistant Secretary*  
Cupid Alexander  
Kelly Sue DeConnick  
Dominique Johnson  
James L. Mason, Ph. D.  
Sean Murray  
Karis Stoudamire-Phillips  
Bruce M. Watts

**Management**

Nkenge Harmon Johnson  
*President/Chief Executive Officer*  
Phillip Long  
*Controller*  
Julia Delgado  
*Director of Programs*  
Norma Mullen  
*Manager of Adult and Senior Services*



URBAN LEAGUE OF PORTLAND

**INQUIRIES AND OTHER INFORMATION**

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