

NATIONAL URBAN LEAGUE, INC.

**Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

NATIONAL URBAN LEAGUE, INC.
Years Ended December 31, 2023 and 2022

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1–3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4–5
Consolidated Statement of Activities (2023)	6
Consolidated Statement of Activities (2022)	7
Consolidated Statements of Cash Flows	8–9
Consolidated Statement of Functional Expenses (2023)	10
Consolidated Statement of Functional Expenses (2022)	11
Notes to Consolidated Financial Statements	12–48
SUPPLEMENTAL INFORMATION	
Consolidating Schedule of Financial Position	49–50
Consolidating Schedule of Activities	51–52
Consolidating Schedule of Activities – Including ULEC, LLC and ULEC Leverage	53
Schedule of Activities – Urban Empowerment Fund	54



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
National Urban League, Inc.

Opinion

We have audited the consolidated financial statements of the National Urban League, Inc. (the League or NUL), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the National Urban League, Inc. and its affiliates as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

80 Pine Street
New York, NY 10005
T +1 212 709 4500
F +1 212 709 4680
mitchelltitus.com



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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the League's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NUL's ability to continue as a going concern for a reasonable period of time.

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



MITCHELL TITUS

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules (supplemental information) listed in the table of contents 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 of America. In our opinion, the accompanying schedules listed in the table of contents are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Mitchell Titus, LLP

June 25, 2024

NATIONAL URBAN LEAGUE, INC.
Consolidated Statements of Financial Position
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash, cash equivalents and restricted cash	\$ 54,068,028	\$ 58,727,308
Restricted cash deposit held in escrow	24,770,589	26,184,186
Funds held in escrow by others	534,182	1,181,808
Funds held in trust for others	-	1,421,505
Prepaid expenses and other assets	1,150,652	1,207,436
Prepaid pension costs	-	960,626
Grants and pledges receivable, net - current	25,118,805	27,709,604
Grants and pledges receivable, net - non-current	6,725,259	14,562,505
Franchise fees receivable, net	61,000	96,500
Investments	128,814,284	134,356,904
Loan receivable - NMTC	13,031,450	13,031,450
Loan receivable	569,200	353,592
Other assets	1,911,232	2,130,256
Operating lease right-of-use assets	9,843,684	12,035,757
Property and equipment, net	55,951,367	46,409,513
Total assets	<u>\$ 322,549,732</u>	<u>\$ 340,368,950</u>
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 11,462,552	\$ 11,955,216
Accrued payroll and vacation benefits	943,531	907,570
Accrued defined contribution costs	739,593	682,233
Contract advances and other deposits	281,773	942,841
Funds held in trust for others	-	1,421,505
Loan payable - other	1,000,000	500,000
Bonds payable (net of debt issuance costs of \$101,895 in 2023 and \$107,651 in 2022)	25,875,362	26,003,616
Loan payable - NMTC (net of debt issuance costs of \$1,634,529 in 2023 and \$1,712,106 in 2022)	16,515,471	16,437,894
Loan payable - bank (net of debt issuance costs of \$33,930 in 2023 and \$41,084 in 2022)	4,892,051	5,862,687
Interest rate swap liability	426,570	623,386
Operating lease liability	2,749,586	5,086,719
Interest payable	45,734	22,486
Total liabilities	<u>64,932,223</u>	<u>70,446,153</u>

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

NATIONAL URBAN LEAGUE, INC.
Consolidated Statements of Financial Position (*continued*)
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<i>Net assets (deficit)</i>		
<i>Without donor restrictions</i>		
Undesignated	\$ 17,986,083	\$ 20,086,727
Board designated	40,358,205	41,000,000
Pension related	<u>-</u>	<u>(8,782,638)</u>
Total without donor restrictions	58,344,288	52,304,089
With donor restrictions	<u>199,273,221</u>	<u>217,618,708</u>
Total net assets	<u>257,617,509</u>	<u>269,922,797</u>
Total liabilities and net assets	<u>\$ 322,549,732</u>	<u>\$ 340,368,950</u>

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, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
<i>Revenue, gains, and other support</i>			
Government grants and contracts	\$ 33,476,006	\$ -	\$ 33,476,006
Contributions of nonfinancial assets	4,094,508	-	4,094,508
Contributions	8,372,903	27,270,257	35,643,160
Legacies and bequests	83,822	-	83,822
Special events	2,160,600	-	2,160,600
Program service fees	7,293,644	-	7,293,644
Franchise fees	208,500	-	208,500
Net investment return designated for current operations	1,776,237	-	1,776,237
Sale of publications	18,677	-	18,677
Interest income	-	119,475	119,475
Other	1,039,032	9,184	1,048,216
<i>Net assets released from restrictions</i>			
Board-designated contributions	(1,000,000)	-	(1,000,000)
Use of Board designated funds	1,641,795	-	1,641,795
Satisfaction of restrictions	47,448,142	(47,448,142)	-
Total revenue, gains, and other support	<u>106,613,866</u>	<u>(20,049,226)</u>	<u>86,564,640</u>
OPERATING EXPENSES			
<i>Program services</i>			
Economic empowerment	54,858,137	-	54,858,137
Education and youth empowerment	7,231,214	-	7,231,214
Civic engagement and leadership empowerment	13,427,412	-	13,427,412
Technical assistance to affiliates	2,783,656	-	2,783,656
Health and quality of life empowerment	8,800,467	-	8,800,467
Civil rights and racial justice empowerment	524,833	-	524,833
Urban empowerment	562,968	-	562,968
Total program services	88,188,687	-	88,188,687
<i>Supporting services</i>			
Management and general	11,090,868	-	11,090,868
Fundraising	6,623,725	-	6,623,725
Total expenses	<u>105,903,280</u>	<u>-</u>	<u>105,903,280</u>
Changes in net assets from operations	<u>710,586</u>	<u>(20,049,226)</u>	<u>(19,338,640)</u>
NON-OPERATING ACTIVITIES			
Board-designated contributions	1,000,000	-	1,000,000
Used funds from Board designated	(1,641,795)	-	(1,641,795)
Net investment return net of amount designated for current operations	7,555,422	1,703,739	9,259,161
Gain in fair value of interest rate swap	196,816	-	196,816
Pension-related changes other than net periodic pension costs	(1,780,830)	-	(1,780,830)
Total non-operating activities	<u>5,329,613</u>	<u>1,703,739</u>	<u>7,033,352</u>
Changes in net assets	6,040,199	(18,345,487)	(12,305,288)
Net assets, beginning of year	<u>52,304,089</u>	<u>217,618,708</u>	<u>269,922,797</u>
Net assets, end of year	<u>\$ 58,344,288</u>	<u>\$ 199,273,221</u>	<u>\$ 257,617,509</u>

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES			
<i>Revenue, gains, and other support</i>			
Government grants and contracts	\$ 32,807,818	\$ -	\$ 32,807,818
Contributions of nonfinancial assets	7,855,944	-	7,855,944
Contributions	8,518,510	35,023,358	43,541,868
Legacies and bequests	265,374	-	265,374
Special events	1,735,300	-	1,735,300
Program service fees	6,530,686	-	6,530,686
Franchise fees	207,500	-	207,500
Net investment return designated for current operations	1,316,364	-	1,316,364
Sale of publications	15,892	-	15,892
Interest income	-	110,286	110,286
Other	824,263	220,253	1,044,516
<i>Net assets released from restrictions</i>			
Satisfaction of restrictions	46,245,987	(46,245,987)	-
Total revenue, gains, and other support	<u>106,323,638</u>	<u>(10,892,090)</u>	<u>95,431,548</u>
OPERATING EXPENSES			
<i>Program services</i>			
Economic empowerment	46,178,742	-	46,178,742
Education and youth empowerment	7,360,838	-	7,360,838
Civic engagement and leadership empowerment	19,250,536	-	19,250,536
Technical assistance to affiliates	2,743,364	-	2,743,364
Health and quality of life empowerment	12,796,924	-	12,796,924
Civil rights and racial justice empowerment	473,756	-	473,756
Urban empowerment	457,303	-	457,303
Total program services	89,261,463	-	89,261,463
<i>Supporting services</i>			
Management and general	10,099,181	-	10,099,181
Fundraising	5,880,368	-	5,880,368
Total expenses	<u>105,241,012</u>	<u>-</u>	<u>105,241,012</u>
Changes in net assets from operations	<u>1,082,626</u>	<u>(10,892,090)</u>	<u>(9,809,464)</u>
NON-OPERATING ACTIVITIES			
Net investment return net of amount designated for current operations	(7,315,301)	(4,219,132)	(11,534,433)
Loss in fair value of interest rate swap	(749,299)	-	(749,299)
Pension-related changes other than net periodic pension costs	(165,528)	-	(165,528)
Total non-operating activities	<u>(8,230,128)</u>	<u>(4,219,132)</u>	<u>(12,449,260)</u>
Changes in net assets	(7,147,502)	(15,111,222)	(22,258,724)
Net assets, beginning of year	<u>59,451,591</u>	<u>232,729,930</u>	<u>292,181,521</u>
Net assets, end of year	<u>\$ 52,304,089</u>	<u>\$ 217,618,708</u>	<u>\$ 269,922,797</u>

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

NATIONAL URBAN LEAGUE, INC.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ (12,305,288)	\$ (22,258,724)
<i>Adjustments to reconcile change in net assets to net cash used in operating activities</i>		
Pension-related changes other than net periodic pension costs	1,780,830	165,528
Depreciation and amortization	658,438	841,201
Impairment loss	-	485,856
Change in value donated assets	(51,728)	(51,902)
Amortization of debt issuance costs	300,287	260,176
Realized (gain) losses on sales of investments	(198,110)	5,201,058
Provision of uncollectible receivables and allowance	80,652	98,523
Unrealized (appreciation) depreciation of investments	(7,226,473)	7,668,363
Unrealized (gain)/loss on interest rate swap agreement	(196,816)	749,299
<i>Changes in operating assets and liabilities</i>		
Change in grants and pledges receivable - current	2,589,799	155,710
Change in grants and pledges receivable - non-current	7,837,246	5,284,409
Change in franchise fees receivable	28,500	(42,000)
Change in prepaid expenses and other assets	56,784	(207,243)
Change in operating lease right use asset, net	2,243,801	2,945,582
Change in accounts payable and accrued expenses	(492,664)	3,535,693
Change in accrued payroll and vacation benefits	35,961	60,700
Change in operating lease liability	(2,337,133)	(2,140,883)
Change in interest payable	23,248	22,486
Change in accrued pension benefit cost	(820,204)	(5,056,875)
Change in accrued defined contribution costs	57,360	204,733
Change in contract advances and other deposits	(661,068)	(205,982)
Net cash used in operating activities	<u>(8,596,578)</u>	<u>(2,284,292)</u>

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

NATIONAL URBAN LEAGUE, INC.
Consolidated Statements of Cash Flows *(continued)*
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	\$ (10,200,292)	\$ (13,828,437)
Loan disbursement	(470,000)	(440,000)
Sales of investments	61,121,871	83,326,602
Purchases of investments	<u>(48,154,668)</u>	<u>(73,576,364)</u>
Net cash provided by (used in) investing activities	<u>2,296,911</u>	<u>(4,518,199)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of revenue bonds	(134,010)	(129,841)
Loan repayments (net)	(796,050)	(700,584)
Bond proceeds	647,626	768,936
Loan issuance costs - NMTC	(209,800)	(209,800)
Loan proceeds - bank and other	500,000	-
Loan proceeds from donated assets	<u>219,024</u>	<u>55,891</u>
Net cash provided by (used in) financing activities	<u>226,790</u>	<u>(215,398)</u>
Net decrease in cash, restricted cash and cash equivalents	(6,072,877)	(7,017,889)
Cash, cash equivalents and restricted cash, beginning of year	<u>84,911,494</u>	<u>91,929,383</u>
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 78,838,617</u></u>	<u><u>\$ 84,911,494</u></u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 982,000</u>	<u>\$ 1,022,613</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, 2023

	Program Services							Total	Supporting Services		
	Economic Empowerment	Education and Youth Empowerment	Civic Engagement and Leadership Empowerment	Technical Assistance to Affiliates	Health and Quality of Life Empowerment	Civil Rights and Racial Justice Empowerment	Urban Empowerment Fund		Management and General	Fundraising	Total
Salaries	\$ 2,739,688	\$ 1,392,317	\$ 2,875,397	\$ 1,037,597	\$ 747,891	\$ 197,182	\$ 173,249	\$ 9,163,321	\$ 5,007,349	\$ 2,275,122	\$ 16,445,792
Payroll taxes and related benefits	801,373	398,693	831,470	295,847	206,135	41,989	34,822	2,610,329	1,170,319	679,042	4,459,690
Subcontract payments	25,517,282	2,208,225	-	252,000	3,819,315	-	-	31,796,822	-	55,000	31,851,822
Payments to organizations	19,881,568	88,625	-	-	-	-	-	19,970,193	-	-	19,970,193
Donated materials and services	1,950,339	-	2,144,169	-	-	-	-	4,094,508	-	-	4,094,508
Professional contract services	2,082,056	1,771,096	4,118,359	319,893	3,342,228	91,399	241,425	11,966,456	1,902,196	1,785,878	15,654,530
Supplies	58,868	26,365	137,983	27,417	49,117	6,884	-	306,634	72,657	34,846	414,137
Telephone	83,208	41,747	87,384	30,832	21,917	4,971	101	270,160	265,433	70,009	605,602
Occupancy	428,158	209,636	432,129	153,968	111,785	22,078	-	1,357,754	774,671	416,428	2,548,853
Commercial insurance	45,710	24,023	95,293	15,513	10,993	2,401	-	193,933	78,523	51,247	323,703
Postage and shipping	5,944	12,678	23,028	4,807	3,403	2,209	-	52,069	29,527	6,668	88,264
Printing, duplication, and artwork	4,440	7,095	41,407	8,578	67,848	562	-	129,930	20,293	3,240	153,463
Travel, conferences, and conventions	814,192	827,587	2,007,120	467,867	259,856	108,853	7,345	4,492,820	989,424	700,953	6,183,197
Subscription and publication	39,719	20,846	103,473	13,481	12,614	3,829	1,081	195,043	62,958	56,848	314,849
Furniture and equipment	67,737	56,751	160,514	31,394	79,484	13,410	-	409,290	139,630	44,313	593,233
Awards and grants	20,000	11,554	-	-	-	-	-	31,554	-	-	31,554
Bad debt	-	-	-	-	-	-	72,652	72,652	80,786	-	153,438
Interest expense	44,744	22,276	47,007	16,361	11,530	2,346	23,247	167,511	82,296	325,318	575,125
Miscellaneous	132,705	50,294	215,555	70,817	30,077	21,374	9,046	529,868	227,261	25,760	782,889
Depreciation and amortization	140,406	61,406	107,124	37,284	26,274	5,346	-	377,840	187,545	93,053	658,438
Total expenses	\$ 54,858,137	\$ 7,231,214	\$ 13,427,412	\$ 2,783,656	\$ 8,800,467	\$ 524,833	\$ 562,968	\$ 88,188,687	\$ 11,090,868	\$ 6,623,725	\$ 105,903,280

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, 2022

	Program Services						Supporting Services				
	Economic Empowerment	Education and Youth Empowerment	Civic Engagement and Leadership Empowerment	Technical Assistance to Affiliates	Health and Quality of Life Empowerment	Civil Rights and Racial Justice Empowerment	Urban Empowerment Fund	Total	Management and General	Fundraising	Total
Salaries	\$ 2,315,433	\$ 1,246,004	\$ 3,253,478	\$ 1,061,574	\$ 715,959	\$ 194,130	\$ 149,085	\$ 8,935,663	\$ 4,304,790	\$ 1,814,193	\$ 15,054,646
Payroll taxes and related benefits	639,090	337,531	906,450	285,264	186,657	39,430	28,138	2,422,560	1,159,808	514,143	4,096,511
Subcontract payments	25,555,734	2,767,285	290,891	281,800	7,317,759	-	-	36,213,469	-	-	36,213,469
Payments to organizations	12,721,127	47,040	-	-	-	-	-	12,768,167	-	-	12,768,167
Donated materials and services	2,108,298	-	5,736,395	-	-	-	-	7,844,693	-	-	7,844,693
Professional contract services	1,232,770	1,709,026	5,148,392	243,801	3,903,149	62,269	162,744	12,462,151	1,334,447	2,033,940	15,830,538
Impairment loss	-	-	-	-	-	-	-	-	485,857	-	485,857
Supplies	46,627	54,312	146,012	20,445	45,101	3,421	-	315,918	52,138	19,952	388,008
Telephone	83,984	47,746	120,454	39,974	27,000	7,078	670	326,906	164,412	65,977	557,295
Occupancy	373,319	195,897	526,707	165,562	108,483	22,884	-	1,392,852	695,007	357,608	2,445,467
Commercial insurance	30,887	16,274	48,076	13,754	9,032	1,901	-	119,924	57,847	24,790	202,561
Postage and shipping	6,872	10,973	29,762	7,423	4,415	3,949	-	63,394	35,468	4,121	102,983
Printing, duplication, and artwork	4,299	48,054	29,292	7,853	1,471	798	-	91,767	18,396	2,550	112,713
Travel, conferences, and conventions	427,092	605,225	2,338,796	359,470	165,497	96,108	-	3,992,188	969,757	479,806	5,441,751
Subscription and publication	26,547	28,040	147,794	14,866	66,799	2,930	1,333	288,309	52,755	38,294	379,358
Furniture and equipment	42,382	40,963	85,433	32,415	173,231	7,488	971	382,883	103,867	31,908	518,658
Awards and grants	86,050	55,000	1,000	-	-	-	-	142,050	-	-	142,050
Bad debt	-	-	-	-	-	-	89,023	89,023	9,500	-	98,523
Interest expense	41,797	22,023	59,142	18,612	12,222	2,573	22,486	178,855	115,197	280,828	574,880
Miscellaneous	201,371	67,270	228,649	142,145	28,364	22,106	2,853	692,758	336,350	112,575	1,141,683
Depreciation and amortization	235,063	62,175	153,813	48,406	31,785	6,691	-	537,933	203,585	99,683	841,201
Total expenses	\$ 46,178,742	\$ 7,360,838	\$ 19,250,536	\$ 2,743,364	\$ 12,796,924	\$ 473,756	\$ 457,303	\$ 89,261,463	\$ 10,099,181	\$ 5,880,368	\$ 105,241,012

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

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

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 net assets of UEF are not available for distribution to NUL.

ULEC, LLC (ULEC) is in business solely to (a) own a leasehold interest in the property located at 121 West 125th Street, New York, New York, (b) hold, manage, maintain, operate, improve, develop, construct, exchange, lease, sublease, convey, encumber, subdivide into condominium units, finance, and otherwise use the leasehold interest and its rights in the underlying property and (c) do any and all other acts that may be necessary or incidental to carry on the business of ULEC. The League is the sole managing member of ULEC. The other affiliated entities for this activity are: ULEC NUL HQ Local Development Corporation, ULEC Retail LLC, and ULEC NUL Harlem Revitalize Local Development Corporation (ULEC Development Affiliates) and ULEC Leverage Inc. (ULEC Leverage).

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 three 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 92 professionally staffed affiliates in 37 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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 1 ORGANIZATION *(continued)*

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 encourages all people to take an active role in improving their wellness and quality of life through participation in preventative measures, health literacy programs, community service projects, and public policy initiatives.

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

Technical Assistance to Affiliates—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’s 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.

UEF, a community development financial institution (CDFI), is focused on providing financial products (loans) and services to minority business enterprises (MBEs) located primarily in select urban League affiliate markets. The mission of UEF is to help MBEs gain access to capital, survive, prosper, grow, create jobs, and generate individual and community wealth. UEF works 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 ranging from \$50,000-\$250,000 (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, revenue is recognized when earned and expenses are recorded when incurred.

Consolidated Financial Statement Presentation

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), the consolidated financial statements include the accounts of the League, UEF, ULEC, ULEC Development Affiliates and ULEC Leverage. All material intercompany transactions have been eliminated during consolidation.

NUL is required to report information regarding its financial position and activities according to two net asset classes: net assets without donor restrictions and net assets with donor restrictions as applicable, which are defined as:

Net Assets Without Donor Restrictions—Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the Board) and/or management for general operating purposes. From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor-restricted endowment) for the securing of NUL's long-term financial viability not subject to donor-imposed restrictions.

See Note 18 for more information on the composition of net assets without donor restrictions.

Net Assets With Donor Restrictions—Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

NUL reports gifts of cash and other assets as revenue with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting NUL to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board-approved spending policy.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

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

Consolidated Financial Statement Presentation *(continued)*

See Notes 16 and 17 for more information on the composition of net assets with donor restrictions and the release of restrictions, respectively. Donor-imposed stipulations may be fulfilled by an action of the League to satisfy the stipulations or become unrestricted at the date specified by the donor.

Reclassifications

Certain prior-year (2022) amounts have been reclassified to conform with the current-year (2023) presentation.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the presentation of the consolidated financial statements, 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, 2023 and 2022, were \$41,653,551 and \$40,647,171, respectively, and consisted of money market funds and certificates of deposit.

Cash and cash equivalents reported in the consolidated financial statements include restricted cash. In accordance with its agreement with Branch Banking and Trust Company (BB&T), now Truist, the League is required to maintain minimum cash balances in a deposit account with Truist until certain bond obligations are fully repaid. At December 31, 2023 and 2022, restricted cash was \$1,000,000. This amount is included in cash, cash equivalents and restricted cash in the consolidated financial statements.

Restricted cash also includes \$2,935,398 and \$9,561,602 of Board-designated funds at December 31, 2023 and 2022, respectively.

Cash contractually required to be held in a separate account, in connection with NUL's new homesite development project, of \$24,770,589 and \$26,184,186 is separately reported as restricted cash held in escrow at December 31, 2023 and 2022, respectively, in the consolidated financial statements. Additionally, funds held in trust for others of \$1,421,505 and \$0 is also considered restricted cash as of December 31, 2023 and December 31, 2022, respectively (see Note 21).

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 concentration of credit risk. However, the League monitors this risk on a regular basis.

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

Investments

Investments are stated at their fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (*i.e.*, an exit price). The following is a description of the valuation methodologies used for assets measured at fair value:

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

Equity securities: Recorded at fair value based on the quoted market prices and broker prices. They consist of common stock, mutual funds, and other exchange-traded funds.

Fixed-income securities: Recorded at fair value based on the quoted market prices and broker prices. They consist of mutual funds and other exchange-traded funds.

Private Equity Limited Partnership Fund: The fund consists of a diversified portfolio of venture capital, growth equity, and other private equity assets. The General Partner is responsible for establishing valuation processes and procedures to ensure that the valuation techniques for investments are fair and consistent. A market approach is used to determine the fair market value determined based on the underlying investments in the fund. Assumptions used by the General Partner due to the lack of observable inputs may significantly impact the resulting fair value and, therefore, the Fund's results of operations. Redemptions are not permitted.

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 Trustee's Finance Committee.

The Board 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 a strategic investment asset allocation based on 40/20/40 ratio between equities and fixed-income securities and alternative investments for its endowment portfolio (a long-term investment).

Interest and dividend income are recognized when earned and are reflected within the net investment return as operating revenue in the consolidated statements of activities based on NUL's spending formula.

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

Investments *(continued)*

Realized gains and losses and unrealized appreciation and depreciation are reflected within the net investment returns in the consolidated statements of activities. 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.

Receivables

Grants and pledges receivable consist of amounts due from government agencies and unconditional promises received from donors, respectively. Grants receivables are recorded at their net realizable value. Unconditional promises 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. Fair value measurements also include consideration of donors' credit risk.

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. Those amounts are included in franchise fees receivable.

Loans receivable consist of amounts due to UEF resulting from the loans it offers to small business enterprises. In addition, loan receivable are due to ULEC related to financing arrangements to construction the NMTC project. Refer to notes 1 and 22 for further details.

Allowance for Doubtful Accounts

The carrying value of grants receivable and contributions, franchise fees receivable and loans receivable is reduced by an appropriate allowance for uncollectible accounts, which approximates net realizable value. NUL determines its allowance by considering several factors, including the length of time receivables are past due, NUL's previous loss history, the donor's current ability to pay its obligation, and the condition of the general economy and market as a whole. Allowances for franchise fees receivable also considers forecasts in determining estimates of potential future losses from uncollectible amounts.

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

Property and Equipment

Building, 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>
Building	40
Leasehold improvements	5–20
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.

Beginning in 2013, the League incurred and paid expenses related to the “future home” for its New York office. The League classifies these costs as construction in progress within property and equipment on the consolidated statements of financial position. Included in these costs are capitalized interest, net of investment income, on financing bond, incurred during construction/pre-construction. These costs will be amortized over the estimated useful life of the property and equipment once placed in service.

Impairment Loss of Long-Lived Assets

NUL’s management reviews its investment in long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such property is not recoverable. Recoverability is measured by comparing the carrying amount of the property to the future net undiscounted cash flow expected to be generated by the property and any estimated proceeds from the eventual disposition of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. Impairment losses recognized in 2022 totaled \$483,857. There were no estimated impairment losses in 2023.

Pension Costs

The League is required to disclose the funded status of its defined benefit 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 net assets without donor restrictions as a non-operating activity in the year that the changes occur.

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

Support and Revenue Recognition

Contributions

Unconditional contributions are recognized as revenue when received and recorded as without donor restriction or with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor-restricted net assets are reclassified to without donor restriction net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Gifts and grants that have donor-imposed conditions as to a specified or unspecified future event are not recognized until such conditions have been met. Conditional grants that were not recorded as of December 31, 2023 and 2022, because such conditions were not met totaled \$850,000 and \$0, respectively.

Government Grants

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

Program Service Fees

Program service fees are recorded as earned income 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 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 balances.

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.

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

Contributions of Nonfinancial Assets

Donated materials and services that meet the requirements for recognition are recorded as revenue and expenses in the accompanying consolidated statements of activities at their fair values. Donated materials and services were in the form of donated media services. The fair values of the donated media are determined based on consideration of cash payments typically made by buyers for similar advertising and media, standard discounts given for similarly placed media, the media type and placement, and other considerations.

In-kind contributions are the value of non-cash contributions provided by affiliates. They are often required in the provisions of public grants. They may be in the form of real and personal property, as well as the value of goods and services that directly benefit a project. For the League, in-kind contributions consist mainly of the cost associated with the supervision of program participants that is not directly charged to a project and the costs of materials and training spaces.

Contributed financial assets, other than cash, are recorded at fair value as the date of the donation. Additionally, contributed financial assets, other than cash, are recorded at fair value as of the date of the donation.

The League recognized contributed nonfinancial assets within revenue, including contributed materials, services, and other assets. Contributed nonfinancial assets did not have any donor-imposed restrictions. Contributed materials and services were utilized during the periods received to support the League's Economic Empowerment and Civic Engagement and Leadership Empowerment programs (see Note 12).

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. The expenses that are allocated include depreciation, interest, occupancy, office expenses, and other expenses, which are allocated based on salaries.

Advertising Expenses

The League recognizes advertising expenses 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 airings of a specific advertisement. Advertising expenses of \$620,363 and \$1,147,386 in 2023 and 2022, respectively, are reported as part of the professional contract services expense in the consolidated statements of functional expenses.

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

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 interest rate swaps, certain pension-related changes, the excess or deficit from the application of the League’s endowment spending policy rate, and Board-designated contributions.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 is classified as Section 501(c)(3) of the IRC. ULEC and ULEC Development Affiliates are considered disregarded entities for tax purposes. 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. UEF’s initial filing year was 2013. There are no audits for any tax periods that are currently in progress.

Management has analyzed the tax positions taken by the League and has concluded that as of December 31, 2023 and 2022, 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.

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 2020.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

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

Debt Issuance Costs

Debt issuance costs related to the revenue bonds and New Markets Tax Credits (NMTC) loan payable are presented in the consolidated statements of financial position as a reduction to the carrying value of long-term debt and are amortized over the period the debt is outstanding using the straight-line method, which approximates the effective interest method (see Notes 9 and 22).

Interest Rate Swap Agreement

The interest rate swap agreement is stated at fair value. Its fair value is the estimated amount that the bank or financial institution would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

NOTE 3 INVESTMENTS

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, 2023 and 2022:

	Fair Value as of December 31, 2023			
	Total	Level 1	Level 2	Level 3
ASSETS				
<i>Cash and cash equivalents</i>				
Interest-bearing cash deposits	\$ 41,538,152	\$ 41,538,152	\$ -	\$ -
Certificates of deposit	448,039	448,039	-	-
Total cash and cash equivalents	41,986,191	41,986,191	-	-
<i>Investments</i>				
Money market funds	23,693,359	23,693,359	-	-
Equity securities	36,126,087	36,126,087	-	-
Fixed-income securities	55,854,704	55,854,704	-	-
Hedge Funds	4,073,200	-	4,073,200	-
Partnership investment at fair value	9,066,934	-	-	9,066,934
Total investments	128,814,284	115,674,150	4,073,200	9,066,934
LIABILITY				
Interest rate swap agreement	(426,570)	-	(426,570)	-
Total net assets at fair value	\$ 128,387,714	\$ 115,674,150	\$ 3,646,630	\$ 9,066,934

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 3 INVESTMENTS (continued)

Fair Value on a Recurring Basis (continued)

	Fair Value as of December 31, 2022			
	Total	Level 1	Level 2	Level 3
ASSETS				
<i>Cash and cash equivalents</i>				
Interest-bearing cash deposits	\$ 40,200,837	\$ 40,200,837	\$ -	\$ -
Certificates of deposit	446,334	446,334	-	-
Total cash and cash equivalents	40,647,171	40,647,171	-	-
<i>Investments</i>				
Money market funds	24,918,267	24,918,267	-	-
Equity securities	29,225,691	29,225,691	-	-
Fixed-income securities	70,449,034	70,449,034	-	-
Hedge Funds	3,185,789	-	3,185,789	-
Partnership investment at fair value	6,578,123	-	-	6,578,123
Total investments	134,356,904	124,592,992	3,185,789	6,578,123
LIABILITY				
Interest rate swap agreement	(623,386)	-	(623,386)	-
Total net assets at fair value	\$ 133,733,518	\$ 124,592,992	\$ 2,562,403	\$ 6,578,123

The measurement of fair value is determined based on the exchange price that would be received for an asset or paid to transfer a liability (*i.e.*, an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Fair value measurement establishes a three-level valuation hierarchy based upon observable and non-observable inputs.

Assets and liabilities recorded at fair value in the consolidated statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. The three levels of inputs defined by Accounting Standards Codification (ASC) 820 are as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The League's interest rate swap is observable at commonly quoted intervals for the full term of the swap and is, therefore, categorized as a Level 2 investment. For the interest swap to be in an asset position, the credit standing of the counterparty is analyzed and factored into the fair value measurement of the asset.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 3 INVESTMENTS *(continued)*

Fair Value on a Recurring Basis *(continued)*

The League invested in various private equity investments, which is considered a Level 3 investment within the fair value hierarchy. The League has an unfunded capital commitment of approximately \$4,535,127 and \$6,076,781 as of December 31, 2023 and 2022, respectively.

The following table includes a roll-forward of the amounts for the year ended December 31, 2023, for investments classified within Level 3. The classification of an investment within Level 3 is based upon the significance of the unobservable inputs to the overall fair value measurement.

	Private Equity Funds	
	2023	2022
Balance of recurring Level 3 assets at January 1	\$ 6,578,123	\$ 4,319,788
Purchases	2,088,668	2,836,193
Unrealized gain (loss)	608,223	(424,321)
Realized gain (loss)	(38,869)	(5,732)
Investment gain (loss)	228,883	493,844
Return of capital	(398,094)	(641,649)
Balance of recurring Level 3 assets at December 31	\$ 9,066,934	\$ 6,578,123

There were no transfers in and out of Level 3 assets.

All net realized and unrealized gains and losses in the table are reflected in the accompanying consolidated statements of activities.

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

	2023	2022
Dividends and interest income	\$ 3,610,815	\$ 2,651,352
Net realized gains (losses) on sales of investments	198,110	(5,201,058)
Unrealized appreciation (depreciation) of investments	7,226,473	(7,668,363)
Total investment return	\$ 11,035,398	\$ (10,218,069)
Current operations	\$ 1,776,237	\$ 1,316,364
Non-operating activity	9,259,161	(11,534,433)
Total investment return	\$ 11,035,398	\$ (10,218,069)

The dividends and interest income above are net of investment fees of \$630,959 and \$666,839 in 2023 and 2022, respectively.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 3 INVESTMENTS *(continued)*

Fair Value on a Recurring Basis *(continued)*

Under the League's endowment spending policy in 2023 and 2022, 5% 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:

	<u>2023</u>	<u>2022</u>
Gain on non-long-term reserves	\$ 677,117	\$ 231,324
Board-designated for current operations	<u>1,099,120</u>	<u>1,085,040</u>
Total designated for current operations	<u>1,776,237</u>	<u>1,316,364</u>
Investment return on long-term reserves	10,358,281	(10,449,393)
Board-designated for current operations	<u>(1,099,120)</u>	<u>(1,085,040)</u>
Non-operating investment return	<u>9,259,161</u>	<u>(11,534,433)</u>
Total investment return	<u>\$ 11,035,398</u>	<u>\$ (10,218,069)</u>

NOTE 4 GRANTS AND PLEDGES RECEIVABLE

The discount rate applied to contributions receivable in excess of one year consisted of the application of a current two-year Treasury bill rate at that time. Amounts due in more than one year were adjusted to fair value using present value techniques that assumed a discount rate of 4.23% and 4.41% in 2023 and 2022, respectively. Grants and pledges receivable at December 31 are comprised of the following:

	<u>2023</u>	<u>2022</u>
<i>Grant and contract receivables</i>		
Less than one year	\$ 22,463,794	\$ 25,764,004
One to five years	7,487,585	16,449,000
Less: Fair value adjustment	(762,326)	(1,886,495)
<i>Pledges receivable</i>		
Pledges due in less than one year	<u>2,760,011</u>	<u>2,059,600</u>
	31,949,064	42,386,109
Less: Allowance for doubtful amounts	<u>(105,000)</u>	<u>(114,000)</u>
Total grants and pledges receivable, net	<u>\$ 31,844,064</u>	<u>\$ 42,272,109</u>

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

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 three years.

	<u>2023</u>	<u>2022</u>
Gross franchise fees receivable	\$ 91,000	\$ 119,500
Less: Allowance for doubtful amounts	(30,000)	(23,000)
Net franchise fees receivable	<u>\$ 61,000</u>	<u>\$ 96,500</u>

NOTE 6 PROPERTY AND EQUIPMENT

At December 31, 2023 and 2022, property and equipment consisted of the following:

	<u>2023</u>		
	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 4,122,728	\$ 4,122,728	\$ -
Building	4,109,068	659,068	3,450,000
Furniture and fixtures	970,288	600,089	370,199
Equipment	1,114,930	987,641	127,289
Computer software	4,062,822	3,034,963	1,027,859
	14,379,836	9,404,489	4,975,347
Construction in progress	50,976,020	-	50,976,020
Total	<u>\$ 65,355,856</u>	<u>\$ 9,404,489</u>	<u>\$ 55,951,367</u>
	<u>2022</u>		
	<u>Cost</u>	<u>Accumulated Depreciation and Amortization</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 4,122,728	\$ 4,122,728	\$ -
Building	4,109,068	552,538	3,556,530
Furniture and fixtures	968,471	506,917	461,554
Equipment	1,058,749	885,528	173,221
Computer software	3,588,172	2,678,340	909,832
	13,847,188	8,746,051	5,101,137
Construction in progress	41,308,376	-	41,308,376
Total	<u>\$ 55,155,564</u>	<u>\$ 8,746,051</u>	<u>\$ 46,409,513</u>

Depreciation and amortization expenses for 2023 and 2022 were \$658,438 and \$841,201, respectively.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 7 DEVELOPMENT PROJECT

In 2020, the League (in conjunction with its ULEC Development Affiliates) entered into a development agreement with 125 W. 125 Developer LLC to develop a New York State-owned parking garage in Harlem into a 414,000-square-foot, state-of-the-art mixed-use project totaling \$242 million. The development is comprised of the headquarters and conference center for the League, a Museum of Urban Civil Rights (the first Civil Rights museum in New York State), office space, retail, community facility space, and affordable housing. The League's headquarters, conference center and museum will be directly owned and operated by NUL or affiliates of NUL.

As part of the closing transaction, the League entered into a bridge loan agreement (the Agreement) with Goldman Sachs to borrow, if needed, up to \$29,799,979 to finance a portion of actual costs of the project. These funds will be used to support construction and development costs for the project. This loan is collateralized by the assignment of certain leases and rents. Cash deposits held in escrow pursuant to the Agreement totaled \$23,634,385 and \$25,017,935, as of December 31, 2023 and 2022, respectively. These amounts are included in restricted cash held in escrow in the consolidated statements of financial position. As of December 31, 2023, NUL has not borrowed on the bridge loan.

The League entered into a ground lease with New York State Urban Development Corporation d/b/a Empire State Development (ESD) to lease the land upon which the mixed-use space will be developed. Construction began in 2020, and the League expects to occupy the new headquarters by 2025.

As part of the closing transaction, the New York Housing Finance Agency (NYHFA) provided, up to \$22,500,000 as proceeds from NYHFA-issued Section 501(c)(3) bonds to finance a portion of actual costs of the project. These funds will be used to support construction and development costs for the project. The League has a balloon payment in five years, equal to the balance of the proceeds received. As of December 31, 2023 and 2022, \$21,965,818 and \$21,318,192, respectively, of the funds were approved by the NYHFA to be given to the League for related incurred costs. As of December 31, 2023 and 2022, the remaining balance of \$534,182 and \$1,181,808, respectively, is held at Bank of New Mellon by NYHFA in trust for the project waiting to be requisitioned.

NOTE 8 ACCRUED PENSION BENEFITS

In 2021, the League's board approved the termination of its defined benefit pension plan. Insurance annuity contracts were purchased to provide for future benefits payments and various participant distributions were made, during 2023, to effectively facilitate the plan termination.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 8 ACCRUED PENSION BENEFITS *(continued)*

The League also sponsors a non-contributory defined contribution plan. Contributions to this plan are based on employees' annual compensation. Expenses for 2023 and 2022 were \$731,360 and \$680,275, respectively.

The terminated plan provided benefits based on participants' earnings and years of service. Net periodic pension costs were 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>2023</u>	<u>2022</u>
Change in benefit obligations		
<i>Projected benefit obligations, beginning of year</i>	\$ 17,601,447	\$ 22,117,526
Interest cost	835,078	542,575
Actuarial (gain) loss	1,961,991	(3,732,410)
Other	-	-
Benefit payments and settlements	<u>(20,398,516)</u>	<u>(1,326,244)</u>
Projected benefit obligations, end of year	<u>-</u>	<u>17,601,447</u>
Change in plan assets		
<i>Fair value of plan assets, beginning of year</i>	18,562,073	18,186,805
Actual return on plan assets (net of expenses)	412,586	(3,798,488)
Employer contributions	1,423,857	5,500,000
Benefit payments and settlements	<u>(20,398,516)</u>	<u>(1,326,244)</u>
Fair value of plan assets, end of year	<u>-</u>	<u>18,562,073</u>
Funded status	<u>\$ -</u>	<u>\$ 960,626</u>
	<u>2023</u>	<u>2022</u>
<i>Reconciliation of funded status</i>		
Funded status	\$ -	\$ 960,626
Actuarial (loss)	<u>-</u>	<u>8,782,638</u>
Accrued benefit (gain)	<u>\$ -</u>	<u>\$ 9,743,264</u>

An employer is required to recognize the funded status of a benefit plan in its consolidated 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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 8 ACCRUED PENSION BENEFITS *(continued)*

In 2023, the League recognized net benefit expense of \$1,780,860 pursuant to the termination of the plan, for the year ended December 31, 2023. The League's consolidated statement of financial position as of December 31, 2022, required an increase of its liability associated with the defined benefit plan of \$(165,528) (actuarial gains or losses and prior service costs or credits that arise during 2022 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 net assets without donor restrictions.

The components of the net periodic benefit costs (prior to the effects of the 2023 termination) are below.

	<u>2023</u>	<u>2022</u>
<i>Components of net periodic benefit cost</i>		
Interest cost	\$ 835,073	\$ 542,577
Expected return on plan assets	(698,483)	(514,843)
Amortization of net actuarial loss	<u>467,055</u>	<u>415,393</u>
Net periodic benefit cost	<u>\$ 603,645</u>	<u>\$ 443,127</u>

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

	<u>2023</u>	<u>2022</u>
<i>Additional information</i>		
Discount rate	N/A	5.00%
Rate of compensation increase	N/A	N/A

Weighted-average assumptions used to determine net periodic pension cost for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	N/A	2.55%
Expected return on plan assets	N/A	1.00%
Rate of compensation increase	N/A	0.00%

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 8 ACCRUED PENSION BENEFITS (continued)

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.

The League's pension plan's weighted-average asset allocations at December 31, 2022, by asset category, are as follows:

<i>Asset category</i>	
Short-term	29.7%
Bonds	68.1
Insurance contracts	2.2
Total	100%

Plan Assets

The following table provides the fair value hierarchy of the plan's assets as of December 31, 2023:

	Assets at Fair Value as of December 31, 2023			
	Total	Level 1	Level 2	Level 3
<i>Group pension contracts</i>				
Insurance contracts	\$ -	\$ -	\$ -	\$ -
<i>Investments at NAV</i>				
Pooled separate accounts	-			
Total	\$ -			

The following table provides the fair value hierarchy of the plan's assets as of December 31, 2022:

	Assets at Fair Value as of December 31, 2022			
	Total	Level 1	Level 2	Level 3
<i>Group pension contracts</i>				
Insurance contracts	\$ 414,189	\$ -	\$ -	\$ 414,189
<i>Investments at NAV</i>				
Pooled separate accounts	18,147,884			
Total	\$ 18,562,073			

The following tables set forth a summary of changes in the value of the plan's Level 3 investments for the years ended December 31, 2023 and 2022:

Group pension contracts - 2023

Balance, at December 31, 2022	\$ 414,189
Investment income	13,769
Payments and settlements	(427,958)
Balance, at December 31, 2023	\$ -

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 8 ACCRUED PENSION BENEFITS *(continued)*

Plan Assets *(continued)*

Group pension contracts - 2022

Balance, at December 31, 2021	\$ 622,199
Investment income	(145,291)
Payments and settlements	<u>(62,719)</u>
Balance, at December 31, 2022	<u>\$ 414,189</u>

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

Commingled pooled separate accounts: The League opted to use the NAV per share, or its equivalent, as a practical expedient for fair value of the Plan's interest in pooled separate accounts. Assets within the separate accounts include various types of mutual funds, fixed maturity securities, equity securities, mortgage loans, derivatives, hedge funds, other limited partnerships interests, short-term investments, and cash and cash equivalents. There were no unfunded commitments on redemption restrictions associated with these investments.

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. 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 creditworthiness 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 9 BONDS PAYABLE

Revenue Series Bonds Series 2017

In August 2017, BB&T, now Truist, issued \$4,250,000 in Revenue Bonds Series 2017 (2017 Bonds). The 2017 Bonds are tax exempt and bear interest, which is payable monthly at a rate of 2.0%. The 2017 Bonds mature on September 1, 2042.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 9 BONDS PAYABLE *(continued)*

Revenue Series Bonds Series 2017 *(continued)*

Long-term debt on the 2017 Bonds consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Revenue bonds (gross)	\$ 3,477,257	\$ 3,611,267
Unamortized debt issuance costs	<u>(101,895)</u>	<u>(107,651)</u>
Long-term debt (net)	<u>\$ 3,375,362</u>	<u>\$ 3,503,616</u>

Interest expense, including interest rate swap interest, on the 2017 Bonds was \$135,536 and \$140,529 for the years ended December 31, 2023 and 2022, respectively.

Amortization of debt issuance costs is included as an addition to interest expense on the consolidated statements of activities. The amortization of debt issuance costs was \$5,767 for each of the years ended December 31, 2023 and 2022.

New York Housing Finance Agency Bonds

As described in Note 7, the NYHFA will provide, if needed, up to \$22,500,000 as proceeds from NYHFA-issued Section 501(c)(3) bonds to finance a portion of actual costs of the development project. The League has a balloon payment in five (5) years, equal to the balance of the proceeds received and pays interest at a rate of 2.5% per year. The total bond proceeds drawdown as of December 31, 2023 and 2022 were \$21,965,818 and \$21,318,192, respectively. As of December 31, 2023 and 2022, the remaining balance of \$534,182 and \$1,181,808, respectively, is held at Bank of New Mellon by NYHFA in trust for the project waiting to be requisitioned. Interest costs on the bonds, which have been capitalized during the construction/pre-construction period, was \$562,500 for each of the years ended December 31, 2023 and 2022, respectively, toward the \$22,500,000 bonds.

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

<u>Year</u>	<u>Amount</u>
2024	\$ 138,294
2025	22,642,719
2026	147,279
2027	151,986
2028	156,846
2029-2042	<u>2,740,133</u>
Total	<u>\$ 25,977,257</u>

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 10 INTEREST RATE SWAP AGREEMENT

The League has entered into two interest rate swap agreements with Truist.

Under the first agreement, the League's original notional amount was \$4,250,000, which equated to approximately 100% of the obligation under the 2017 Bonds. The notional amount at December 31, 2023 and 2022, was \$3,477,257 and \$3,611,267, respectively. Under the terms of the agreement, the floating rate was swapped into a fixed rate of 3.8125%, with a termination date of September 1, 2025. This mechanism is intended to allow the League to realize the potential benefit of a lower fixed rate. At December 31, 2023 and 2022, the agreement's estimated fair value was in a (liability) asset position of \$(101,191) and \$(145,229), respectively.

Activity for the year ended December 31, 2023, under the first interest rate swap agreement, is as follows:

Fair value of interest rate swap asset, beginning of year	\$ (145,229)
Unrealized (loss) on interest rate swap	<u>44,038</u>
Fair value of interest rate swap liability, end of year	<u>\$ (101,191)</u>

Activity for the year ended December 31, 2022, for the interest rate swap agreement, is as follows:

Fair value of interest rate swap asset, beginning of year	\$ 129,618
Unrealized (loss) on interest rate swap	<u>(274,847)</u>
Fair value of interest rate swap asset, end of year	<u>\$ (145,229)</u>

Under the second agreement with Truist entered into during 2021, the League's original notional amount was a \$7,100,000 loan. The loan balance at December 31, 2023 and 2022 was \$4,925,981 and \$5,903,771, respectively. Under the terms of the agreement, the floating rate was swapped into a fixed rate of 2.1000%, with a termination date of September 15, 2028. This mechanism is intended to allow the League to realize the potential benefit of a lower fixed rate. At December 31, 2023 and 2022, the agreement's estimated fair value was in a liability position of \$(325,379) and \$(478,157), respectively.

Activity for the year ended December 31, 2023, under the second interest rate swap agreement, is as follows:

Fair value of interest rate swap liability, beginning of year	\$ (478,157)
Unrealized (loss) on interest rate swap	<u>152,778</u>
Fair value of interest rate swap liability, end of year	<u>\$ (325,379)</u>

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 10 INTEREST RATE SWAP AGREEMENT *(continued)*

Activity for the year ended December 31, 2022, for the interest rate swap agreement, is as follows:

Fair value of interest rate swap, beginning of year	\$ (3,705)
Unrealized loss on interest rate swap	<u>(474,452)</u>
Fair value of interest rate swap liability, end of year	<u>\$ (478,157)</u>

NOTE 11 LINE OF CREDIT

In August 2023, the League renewed its loan agreement (the Agreement) with Truist, whereby the bank provides the League with a revolving line of credit in the amount of \$2,000,000. The loan bears an interest rate of 7.86%. The line of credit is secured by all personal property of the League, as defined in the Agreement.

The loan balance at December 31, 2023 and 2022, amounted to zero, respectively. Interest expense in both 2023 and 2022 amounted to zero.

The League is in compliance with the terms of the Agreement.

NOTE 12 CONTRIBUTIONS OF NONFINANCIAL ASSETS

During 2020, the League received donations from Morgan Stanley in the form of the assignment of rights associated with loans receivable totaling \$2,268,146. The donation consisted of a \$1,687,000 loan receivable from the Capital Access Fund of Cleveland, and a \$581,146 loan receivable from the NDC Community Impact Loan Fund of Broward County, Florida (NDC). These amounts are included in other assets on the consolidated statement of financial position. During 2023 and 2022, a total of \$219,024 and \$55,891, respectively, in principal payments were received toward the NDC. In addition, its value was reduced by \$5,868. Therefore, the NDC balance as of December 31, 2023 and 2022 was \$224,232 and \$443,256, respectively. As of December 31, 2023 and 2022, the Morgan Stanley other assets balance is \$1,911,232 and \$2,130,256, respectively.

In a prior year, the League also received donated contributions related to a ground lease valued at \$2,577,541 and \$2,586,419, as of December 31, 2023 and 2022 respectively, as described in Note 14.

NUL received total donated materials and services valued at \$4,094,508 and \$7,855,944 in 2023 and 2022, respectively. Included in the donated materials and services are \$2,144,169 and \$5,736,395 for its television airtime in 2023 and 2022, respectively; \$0 and \$11,250 for its airline fares in 2023 and 2022, respectively; and \$1,950,339 and \$2,108,299 from affiliates for donated time for programmatic initiatives for 2023 and 2022, respectively.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 13 SPECIAL EVENTS

The League sponsored one special event: The Equal Opportunity Day Dinner in November.

For the years ended December 31, 2023 and 2022, total revenue and expenses related to the event were as follows:

	<u>2023</u>	<u>2022</u>
Special event-revenues (gross)	\$ 2,160,600	\$ 1,735,300
Special event-expenses (gross)	<u>(702,850)</u>	<u>(596,253)</u>
Net special event-revenue	<u><u>\$ 1,457,750</u></u>	<u><u>\$ 1,139,047</u></u>

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

NOTE 14 LEASES

Lease Recognition

The League determines if an arrangement is a lease or contains a lease at inception. The League has operating leases for office space and equipment with remaining lease terms of three years to five years. For leases with renewal options, the lease term is extended to reflect renewal options the League is reasonably certain to exercise. Operating lease assets and operating lease liabilities are recognized based on the present value of the future lease payments over the lease term at the commencement date. As most of the League's leases do not provide an implicit rate, the League estimates its incremental borrowing rate based on information available at the commencement date in determining the present value of future payments. Lease expense for net present value of payments is recognized on a straight-line basis over the lease term.

In connection with office and equipment leases, the League recognized as of December 31, 2023 and 2022, a lease liability of \$2,749,586 and \$5,086,719, respectively, which represents the present value of the remaining lease payments of \$2,700,094 and \$4,984,506, respectively, discounted using the League's estimated incremental borrowing of 2.4% for 2023 and 2022, and a right-of-use asset of \$2,442,913 and \$4,575,600, respectively, which represents the lease liability of \$2,442,913 and \$4,575,600, respectively, adjusted for deferred rent credit of \$306,673 and \$511,116, respectively.

Lease expense of \$2,037,783 and \$2,055,333 in 2023 and 2022, respectively, is included in the consolidated statements of functional expenses.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 14 LEASES *(continued)*

Lease Recognition *(continued)*

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases – 2023	\$ 2,242,227
Operating cash flows from operating leases – 2022	\$ 2,259,777

Supplemental weighted information related to leases is as follows:

Operating leases weighted-average remaining lease term in years – 2023	1.5 years
Operating leases weighted-average remaining lease term in years – 2022	2.5 years
Operating leases weighted-average discount rate – 2023 and 2022	2.4%

Maturities of lease liabilities as of December 31, 2023, were as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 2,229,181
2025	1,104,743
Total lease payments	3,333,924
Less: Imputed interest	55,831
Total	<u>\$ 3,278,093</u>

Office Lease

NUL is expected to generate sublease income of \$135,000 each year from its office lease through 2024, and \$67,500 in 2025.

The New York office, 80 Pine Street, net rental expense for the years ended December 31, 2023 and 2022, was \$1,985,174 and \$1,985,174, respectively.

Ground Lease

The League entered into an operating ground lease agreement (the Ground Lease), dated July 22, 2020, with New York State Urban Development Corporation d/b/a ESD (NYSUDC), as described in Note 7. The Ground Lease terminates in 2115.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 14 LEASES *(continued)*

Lease Recognition *(continued)*

Ground Lease (continued)

During 2020, the League made a prepayment of all rent due under the lease in the amount of \$5,000,000. The appraised fair value of the ground lease rental was determined to be \$11,000,000. The difference between the fixed rent and the determined fair value of ground lease rental as of the date of the donation was \$6,000,000. The total value of the right-to-use asset of \$7,400,771 associated with the Ground Lease includes the prepayment of \$4,823,230 and the present value (at assumed discount rate of 2%) of the contribution receivable of \$2,577,541 as of December 31, 2023. The total value of the right-to-use asset of \$7,460,157 associated with the Ground Lease includes the prepayment of \$4,873,738 and the present value (at assumed discount rate of 2%) of the contribution receivable of \$2,586,419 as of December 31, 2022.

The components of the contributed rent receivable are as follows as of December 31:

	<u>2023</u>	<u>2022</u>
Contributed (rent) receivable due in less than 1 year	\$ 60,606	\$ 60,606
Contributed (rent) receivable due from 2 - 5 years	303,030	303,030
Contributed (rent) receivable due from 6 - 98 years	<u>5,454,546</u>	<u>5,515,152</u>
	5,818,182	5,878,788
Present value adjustment	<u>(3,240,641)</u>	<u>(3,292,369)</u>
Contributed rent receivable (net)	<u>\$ 2,577,541</u>	<u>\$ 2,586,419</u>

PILOT Payments

The League, through ULEC Retail, LLC, a wholly owned subsidiary of the League entered into a payment-in-lieu-of-tax agreement (Retail PILOT Agreement) with the NYSUDC dated June 30, 2020. The Retail PILOT Agreement is effective for a period of 25 years following substantial completion of the Development Project, which is anticipated to be before the end of 2024. Under the terms of the agreement, the ULEC Retail LLC shall receive an exemption from an increase in real estate taxes on building improvements made as it relates to the retail space for a period of 11 years. After the initial 11 year period, in lieu of full property tax payments, an amount equal to a percentage of total property taxes otherwise due, increasing in increments of 20% of property taxes otherwise due for tranche A abatement base per year through year 15 and increasing 10% on tranche B abatement base through year 25 is payable is payable to NYSUDC.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 14 **LEASES** *(continued)*

Lease Recognition *(continued)*

The League, through ULEC Retail, LLC, a wholly owned subsidiary of the League entered into a Payment-In-Lieu-of-Tax Agreement (League PILOT Agreement) with NYSUDC dated June 30, 2020. The League PILOT Agreement is effective following substantial completion of the Development Project, which is anticipated to be June of 2025 and shall run concurrent with the term the ground lease. Under the terms of the agreement, ULEC LLC shall receive an exemption from real estate taxes on building improvements made as it relates to the League's condominium unit under Section 420-a of New York State Real Property Tax Law.

NOTE 15 **COMMITMENTS AND CONTINGENCIES**

Contingencies

NUL is involved in several legal proceedings arising from the ordinary course of its business. Management believes that these legal proceedings will not have a material adverse effect on NUL's financial position, changes in net assets, or cash flows.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 16 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follow:

	<u>2023</u>	<u>2022</u>
<i>Subject to expenditures for a specific purpose</i>		
Economic Empowerment	\$ 98,603,158	\$ 122,991,528
Building Fund	45,421,499	43,213,238
Education and Youth Empowerment	10,939,172	9,584,316
Civic Engagement/Leadership Empowerment	1,938,678	1,987,711
Urban Empowerment Fund	2,267,938	2,267,938
Health and Quality of Life Empowerment	<u>478,985</u>	<u>273,830</u>
Total purpose restricted	159,649,430	180,318,561
<i>Subject to the passage of time</i>		
Future periods	15,642,523	15,022,618
Endowment funds	<u>3,983,203</u>	<u>2,279,464</u>
Subtotal	<u>179,275,156</u>	<u>197,620,643</u>
<i>Restrictions permanent in nature</i>		
Permanent Development Fund	4,956,505	4,956,505
Breakthrough Campaign	14,762,433	14,762,433
Other	<u>279,127</u>	<u>279,127</u>
Subtotal	<u>19,998,065</u>	<u>19,998,065</u>
Total	<u>\$ 199,273,221</u>	<u>\$ 217,618,708</u>

Amounts subject to expenditures for specific purposes will be spent on activities or items prescribed by each donor.

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, 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
Years Ended December 31, 2023 and 2022

NOTE 17 NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passages of time or other events specified by donors and/or the Board. The net assets released from restrictions are as follows:

	<u>2023</u>	<u>2022</u>
<i>Specific passage of time</i>		
Economic empowerment	\$ 30,870,676	\$ 26,933,725
Building fund	1,147,135	742,208
Education and Youth Empowerment	4,130,764	6,463,660
Civic Engagement/Leadership		
Empowerment	428,225	686,413
Health and Quality of Life Empowerment	119,836	912,288
Urban Empowerment Fund	437,968	332,303
Passage of time	<u>10,313,538</u>	<u>10,175,390</u>
Total	<u>\$ 47,448,142</u>	<u>\$ 46,245,987</u>

NOTE 18 NET ASSETS WITHOUT DONOR RESTRICTIONS

During 2023, the League generated operating income without donor restrictions of \$710,586. The net results of these and other activities decreased the unrestricted undesignated net assets to \$1,517,759. The League is also required to recognize net actuarial losses of \$(1,780,830) that came from its defined benefit pension plan during 2023 but were not recognized as components of net periodic pension cost. As a result, this caused the pension-related cost balance to be \$(10,563,468) as of December 31, 2023. Because the pension was fully terminated in 2023, the pension-related net assets balance was reclassified to the undesignated net assets balance as of December 31, 2023.

During 2022, the League generated operating income without donor restrictions of \$1,082,626. The net results of these and other activities decreased the unrestricted undesignated net assets to \$3,618,399. The League is also required to recognize net actuarial losses of \$(165,528) that came from its defined benefit pension plan during 2022 but were not recognized as components of net periodic pension cost. As a result, this caused the pension-related cost balance to be \$(8,782,638) as of December 31, 2022.

During 2023, contributions and investment income without donor restrictions totaling \$1,000,000 were designated for future use by the Board (Board-designated funds). In addition, \$1,641,795 of board designated funds were approved to be used during 2023 to cover expenses for Civic Engagement. During 2022, there were no contributions or investment income without donor restrictions designated for future use by the Board.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 18 NET ASSETS WITHOUT DONOR RESTRICTIONS *(continued)*

In addition, during 2020, it was determined that \$41,468,328 of unrestricted contribution would be classified as board designated funds. During 2021, contributions and investment income without donor restrictions totaling \$16,000,000 were designated for future use by the Board (Board-designated funds). Also, during 2020, \$16,468,328 of the \$41,468,328 was used to fund a required escrow deposit among other things. This amount will remain reflected under undesignated net assets until funds are recouped.

NOTE 19 LIQUIDITY AND AVAILABILITY OF RESOURCES

The League's financial assets available within one year of the consolidated statements of financial position date for general expenditures, such as operating expenses, debt service, and capital construction costs not financed with debt, were as follows:

	<u>2023</u>	<u>2022</u>
<i>Financial assets</i>		
Cash, cash equivalents and restricted cash	\$ 54,068,028	\$ 58,727,308
Investments	128,280,692	134,356,904
Funds held in escrow by others	534,182	1,181,808
Cash deposits in escrow	6,034,038	3,905,080
Grants and pledges receivables, net - current	25,118,805	27,709,604
Grants and pledges receivables, net - non-current	6,725,259	14,562,505
Franchise fees receivable, net	<u>61,000</u>	<u>96,500</u>
Total financial assets available	220,822,004	240,539,709
<i>Liquidity resources</i>		
Bank line of credit available	<u>2,000,000</u>	<u>2,000,000</u>
Total financial assets and liquidity resources available	<u>222,822,004</u>	<u>242,539,709</u>
<i>Less:</i>		
<i>Amounts unavailable for general expenditures within one year, due to</i>		
Restricted - Board Designated	(40,358,205)	(41,000,000)
Restricted by donors with purpose restrictions	(133,380,021)	(149,028,104)
Restricted by donors in perpetuity	<u>(19,998,065)</u>	<u>(19,998,065)</u>
Total amounts unavailable for general expenditures within one year	<u>(193,736,291)</u>	<u>(210,026,169)</u>
Net financial assets and liquidity resources available within one year	<u>\$ 29,085,713</u>	<u>\$ 32,513,540</u>

As part of the League's liquidity management plan, the League structures its assets to be available as general expenditures, liabilities, and other obligations become due. In addition, the League anticipates collecting sufficient revenue, averaging approximately \$3,000,000 monthly, to cover general expenditures not covered by donor-restricted resources.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 20 ENDOWMENTS

NUL’s endowments consist 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 (UPMIFA), 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 net assets with donor restrictions (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 is classified in net assets with donor restrictions 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.

Endowment net asset composition by type is as follows:

December 31, 2023	Without Donor Restrictions	With Donor Restricted	Total
Board-designated endowment funds	\$ 40,358,205	\$ -	\$ 40,358,205
Donor-restricted endowment funds	-	24,014,010	24,014,010
Total funds, as of Decemer 31, 2023	\$ 40,358,205	\$ 24,014,010	\$ 64,372,215
December 31, 2022	Without Donor Restrictions	With Donor Restricted	Total
Board-designated endowment funds	\$ 41,000,000	\$ -	\$ 41,000,000
Donor-restricted endowment funds	-	22,310,271	22,310,271
Total funds, as of Decemer 31, 2022	\$ 41,000,000	\$ 22,310,271	\$ 63,310,271

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 20 **ENDOWMENTS** *(continued)*

Endowment Net Asset Composition by Type of Fund

Changes in endowment net assets for the fiscal years ended December 31, 2023 and 2022, are as follows:

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 41,000,000	\$ 22,310,271	\$ 63,310,271	\$ 41,000,000	\$ 26,529,403	\$ 67,529,403
Investment return	-	-	-	-	-	-
<i>Investment income</i>						
Interest and dividends	374,183	795,004	1,169,187	600,732	499,935	1,100,667
Net appreciation(depreciation) of investments	3,619,392	2,007,855	5,627,247	(4,366,719)	(3,634,027)	(8,000,746)
Additional board designated funds	1,000,000	-	1,000,000	-	-	-
<i>Board-approved appropriations</i>						
<i>Appropriation of endowment assets to</i>						
Investment returns not designated	(3,993,575)	-	(3,993,575)	3,765,987	-	3,765,987
Current operations	(1,641,795)	(1,099,120)	(2,740,915)	-	(1,085,040)	(1,085,040)
Endowment net assets, end of year	\$ 40,358,205	\$ 24,014,010	\$ 64,372,215	\$ 41,000,000	\$ 22,310,271	\$ 63,310,271

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, the endowment assets will be diversified so as to minimize the risk of large losses, unless under particular circumstances in which it would prove to be unwise. Over the long term, the entire portfolio should increase the purchasing power of the assets and be organized 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.

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.

NOTE 20 **ENDOWMENTS** *(continued)*

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.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the endowment donors or UPMIFA requires the League to retain as a fund of perpetual duration. Deficiencies of this nature exist for the entire endowment. Continued appropriation for the annual spending formula was deemed prudent by the Board. There was no such deficiency as of December 31, 2023 and 2022.

NOTE 21 **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 \$5,000. In 2023 and 2022, NUL recognized franchise fees of \$208,500 and \$207,500, respectively.

Subcontract payments are made by the League to affiliates for their services in carrying out specific projects. In 2023 and 2022, subcontract payments to affiliates totaled \$31,851,822 and \$36,213,469, respectively.

The League received \$1,950,339 and \$2,108,299 in donated services and materials from affiliates in 2023 and 2022, respectively.

A League's employee was assigned to be a trustee of a trust (the Trust). In addition, the League provides back-office work. As of December 31, 2023 and December 31, 2022, the League held \$0 and \$1,421,505, respectively on behalf of the Trust.

NOTE 22 NEW MARKETS TAX CREDIT (NMTC)

NMTC are tax credits created by the federal government to help encourage investment in lower-income communities. The NMTC program is intended to incentivize capital investment in qualified low-income communities. Under the program, an NMTC investor can claim credits against their federal income taxes for up to 39% of qualified investments in the equity of community development entities (CDEs). CDEs are privately managed investment institutions that are certified to make qualified low-income community investments (QLICs). Investors receive a 39% federal tax credit earned over a seven-year period (the compliance period).

Stonehenge Community Development LLC

On August 21, 2009, an agreement was signed between the League and Stonehenge Community Development LLC. The agreement enlists the consulting assistance of the League and its national network of affiliates in performing economic impact assessments for each QLIC under Stonehenge Community Development's NMTC authority. For each QLIC, the League is paid an economic assessment consulting fee equal to 0.50% of the amount of each QLIC. The League received \$332,500 and \$393,043 in fees for the years ended December 31, 2023 and 2022, respectively.

2021 NMTC Project

On December 31, 2020, ULEC entered into a financing transaction with GS Group NMTC Investor LLC (NMTC Investor) under a qualified NMTC program pursuant to Section 45D of the IRC related to the construction of a mixed-use development project in Harlem, New York (the NMTC Project).

In connection with the NMTC financing, the League loaned \$3,633,250 to NUL Investment Fund, LLC (the Investment Fund) at an interest rate of 1.38% per year, with a maturity date of December 29, 2044. Repayment of the loan commences in March 2027. The NMTC Investor contributed \$1,482,000 to the Investment Fund and, by virtue of such contribution, is entitled to all of the tax benefits derived from the NMTC. The Investment Fund is a wholly owned subsidiary of the NMTC Investor.

The Investment Fund then contributed the combined proceeds to a CDE, which, in turn, loaned \$5,000,000 to ULEC at an interest rate of 1% per year, with a maturity date of December 29, 2050. Repayment of the loan commences in March 2027. Unamortized loan fees totaled \$481,453 and \$548,943 as of December 31, 2023 and 2022, respectively. The proceeds from the CDEs loans will be used to partially fund the construction of the NMTC Project.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 22 **NEW MARKETS TAX CREDIT (NMTC)** *(continued)*

2021 NMTC Project *(continued)*

On September 29, 2021, ULEC entered into a financing transaction with COCRF INVESTOR 204, LLC (2021 NMTC Investor) under a qualified NMTC program pursuant to Section 45D of the IRC related to the construction of the NMTC Project.

In connection with this NMTC financing, the League loaned \$9,398,200 to COCRF Fund (the COCRF Fund) at an interest rate of 1.12% per year, with a maturity date of September 28, 2045. Repayment of the loan commences in December 2028. The 2021 NMTC Investor contributed \$3,751,800 to the COCRF Fund and, by virtue of such contribution, is entitled to all of the tax benefits derived from the NMTC.

The COCRF Fund then contributed the combined proceeds to a CDE, which, in turn, loaned \$13,150,000, to ULEC, at an interest rate of 1% per year, with a maturity date of September 28, 2051. Repayment of the loan commences in September 2028. Unamortized loan fees totaled \$1,153,076 and \$1,163,163 as of December 31, 2023 and 2022, respectively. The proceeds from the CDE loans will be used to partially fund the construction of the NMTC Project.

The NMTCs are subject to 100% recapture for a period of seven years. ULEC is required to be in compliance with various regulations and contractual provisions that apply to the NMTC arrangement. Noncompliance could result in the NMTC Investors' projected tax benefits not being realized and, therefore, require the League to indemnify the NMTC Investors for any loss or recapture of the NMTCs. The League does not anticipate any credit recapture will be required in connection with this financing arrangement. The transaction includes a put/call provision, whereby the League may be obligated or entitled to purchase the NMTC Investors' interest in the investment and COCRF Fund. The value attributed to the put/call is de minimis.

The League believes that the NMTC Investor will exercise the put option in December 2026, at the end of the recapture period.

The League believes that the 2021 NMTC Investor will exercise the put option in September 2027, at the end of the recapture period.

NOTE 23 **BANK LOAN**

In April 2021, the League's Board approved the termination of the Retirement Income Plan (the Plan). In September 2021, the League received a \$7.1 million loan from Truist to help fund and eliminate the League's Plan liability. As part of this loan agreement, \$9.5 million of the League's investment pool is considered to be acknowledged as collateral. In addition, the League was required to deposit \$500,000 of the loan in a new Truist bank account. Lastly, the League paid debt issuance costs of \$50,000 from the loan proceeds.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 23 BANK LOAN *(continued)*

Long-term debt consisted of the following as of December 31, 2023:

	<u>2023</u>	<u>2022</u>
Loan (gross)	\$ 4,925,981	\$ 5,903,771
Unamortized debt issuance costs	<u>(33,930)</u>	<u>(41,084)</u>
Long-term debt (net)	<u>\$ 4,892,051</u>	<u>\$ 5,862,687</u>

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

<u>Year</u>	<u>Amount</u>
2024	\$ 998,028
2025	1,018,680
2026	1,039,761
2027-2028	<u>1,869,512</u>
Total	<u>\$ 4,925,981</u>

Interest expense, including interest rate swap interest, on the loan was \$116,054 and \$151,589 for the years ended December 31, 2023 and 2022, respectively. Interest on the loan is charged at a rate of 6.46% and 5.38% in 2023 and 2022, respectively.

Amortization of debt issuance costs is included as an addition to interest expense on the consolidated statements of activities. The amortization of debt issuance costs was \$7,142 and \$7,152 for the years ended December 31, 2023 and 2022, respectively.

NOTE 24 CHARTER COMMUNICATIONS AGREEMENT

On March 25, 2021, Charter Communications Holding, LLC (Charter) and UEF entered into an agreement to borrow up to \$3,000,000 to be paid in six equal installments. Since that date, UEF has received the first and second installments each of \$500,000.

As of December 31, 2023, accrued interest expense is \$45,734. UEF is able to make additional loans in \$500,000 increments based on the achievement of certain milestones and conditions precedent. The proceeds will be used to help support UEF's deployment of small business loans. The loan is based on an interest rate of 2.5% and on a maturity of the earlier of 1) the fifth anniversary of installment number six or 2) the seventh anniversary of the initial closing date (or March 24, 2028) and is included in loans payable. Also, the maturity of the loan is subject to a loan renewal as agreed to by the parties.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

NOTE 24 CHARTER COMMUNICATIONS AGREEMENT *(continued)*

From the two installments of \$500,000, UEF offered a total of \$100,000 and \$250,000 in loans to qualified businesses in 2022 and 2020/2021, respectively, sent to NDC. In 2022, the \$250,000 in loans provided in 2021 were fully repaid. In 2023, the \$100,000 in loans provided in 2022 were fully repaid.

In addition, UEF offered a total of \$470,000 and \$0 in 2023 covered by this Charter agreement and NUL investment, respectively, directly to borrowers. In addition, UEF offered a total of \$290,000 and \$50,000 in 2022 covered by this Charter agreement and NUL investment, respectively, directly to borrowers. During 2023, \$46,160 and \$9,260 were repaid toward the \$290,000 and \$50,000 in loans. During 2023, \$26,320 were repaid toward the \$470,000 in loans. During 2022, \$5,786 and \$1,599 were repaid toward the \$290,000 and \$50,000 in loans. Therefore, as of December 31, 2023, their unpaid balances were \$681,734 and \$39,141, respectively. Therefore, as of December 31, 2022, their unpaid balances were \$284,214 and \$48,401, respectively. The Charter agreement related loans paid directly to the borrowers are under a 60-month payment period with 5% interest, and the closing fee is in the range of 1% to 2% of the loan. The \$5,000 loan paid directly to the borrower is under a 60-month payment period with 6.5% interest, and the closing fee is 2% of the loan. Amounts included in loans receivable are below:

	<u>2023</u>	<u>2022</u>
Loans covered by Spectrum	\$ 681,734	\$ 384,214
Loans covered by NUL investment	39,141	48,401
Total	720,875	432,615
Allowance	(151,675)	(79,023)
Total	<u>\$ 569,200</u>	<u>\$ 353,592</u>

NOTE 25 SUBSEQUENT EVENTS

On January 17, 2024, UEF received the third installment of \$500,000 from the Charter agreement.

The League evaluated its December 31, 2023, consolidated financial statements for subsequent events through June 25, 2024, the date the consolidated financial statements were available to be issued. No other events requiring recognition or disclosure were identified, other than those disclosed above and below.

SUPPLEMENTAL INFORMATION

NATIONAL URBAN LEAGUE, INC.
Consolidating Schedule of Financial Position
As of December 31, 2023
(With Comparative Totals for 2022)

	NUL	ULEC	ULEC, Leverage	UEF	Eliminations and Reclassifications	2023 Total	2022 Total
ASSETS							
Cash, cash equivalents and restricted cash	\$ 45,241,714	\$ 7,325,010	\$ -	\$ 1,501,304	\$ -	\$ 54,068,028	\$ 58,727,308
Restricted cash deposit held in escrow	-	24,383,919	386,670	-	-	24,770,589	26,184,186
Funds held in escrow by others	-	534,182	-	-	-	534,182	1,181,808
Funds held in trust for others	-	-	-	-	-	-	1,421,505
Prepaid expenses and other assets	1,133,402	-	-	17,250	-	1,150,652	1,207,436
Prepaid pension costs	-	-	-	-	-	-	960,626
Grants and pledges receivable, net-current	24,298,590	320,000	-	500,215	-	25,118,805	27,709,604
Grants and pledges receivable, net-non-current	4,170,259	2,555,000	-	-	-	6,725,259	14,562,505
Franchise fees receivable, net	61,000	-	-	-	-	61,000	96,500
Investments	129,814,284	-	-	-	(1,000,000)	128,814,284	134,356,904
Loan receivables - NMTC	-	-	13,031,450	-	-	13,031,450	13,031,450
Loan receivables	-	-	-	569,200	-	569,200	353,592
Other assets	-	-	-	1,911,232	-	1,911,232	2,130,256
Operating lease right of use assets	2,442,913	7,400,771	-	-	-	9,843,684	12,035,757
Due from (to)	18,179,826	(5,148,376)	(13,031,450)	-	-	-	-
Property and equipment, net of accumulated depreciation/amortization	7,763,328	48,188,039	-	-	-	55,951,367	46,409,513
Total assets	\$ 233,105,316	\$ 85,558,545	\$ 386,670	\$ 4,499,201	\$ (1,000,000)	\$ 322,549,732	\$ 340,368,950

NATIONAL URBAN LEAGUE, INC.

Consolidating Schedule of Financial Position (*continued*)

As of December 31, 2023

(With Comparative Totals for 2022)

	NUL	ULEC	ULEC, Leverage	UEF	Eliminations and Reclassifications	2023 Total	2022 Total
LIABILITIES AND NET ASSETS							
<i>Liabilities</i>							
Accounts payable and accrued expenses	\$ 9,793,601	\$ 1,499,096	\$ 9,150	\$ 160,705	\$ -	\$ 11,462,552	\$ 11,955,216
Accrued payroll and vacation benefits	926,948	-	-	16,583	-	943,531	907,570
Accrued defined contribution costs	731,352	-	-	8,241	-	739,593	682,233
Contract advances and other deposits	281,773	-	-	-	-	281,773	942,841
Funds held in trust for others	-	-	-	-	-	-	1,421,505
Loan payable - other	-	-	-	2,000,000	(1,000,000)	1,000,000	500,000
Bonds payable (net of debt issuance costs of \$101,895 in 2023 and \$107,651 in 2022)	3,375,362	22,500,000	-	-	-	25,875,362	26,003,616
Loan payable-NMTC (net of debt issuance costs of \$1,634,529 in 2023 and \$1,712,106 in 2022)	-	16,515,471	-	-	-	16,515,471	16,437,894
Loan payable-bank (net of debt issuance costs of \$33,930 in 2023 and \$41,084 in 2022)	4,892,051	-	-	-	-	4,892,051	5,862,687
Interest rate swap liability	426,570	-	-	-	-	426,570	623,386
Operating lease liability	2,749,586	-	-	-	-	2,749,586	5,086,719
Interest payable	-	-	-	45,734	-	45,734	22,486
Total liabilities	<u>23,177,243</u>	<u>40,514,567</u>	<u>9,150</u>	<u>2,231,263</u>	<u>(1,000,000)</u>	<u>64,932,223</u>	<u>70,446,153</u>
<i>Net assets</i>							
<i>Without Donor Restriction</i>							
Undesignated	58,344,288	-	-	-	-	58,344,288	61,086,727
Urban Empowerment Fund	-	-	-	2,267,938	(2,267,938)	-	-
Pension related	-	-	-	-	-	-	(8,782,638)
Total unrestricted net assets	<u>58,344,288</u>	<u>-</u>	<u>-</u>	<u>2,267,938</u>	<u>(2,267,938)</u>	<u>58,344,288</u>	<u>52,304,089</u>
<i>With Donor Restrictions</i>							
	<u>151,583,785</u>	<u>45,043,978</u>	<u>377,520</u>	<u>-</u>	<u>2,267,938</u>	<u>199,273,221</u>	<u>217,618,708</u>
Total net assets	<u>209,928,073</u>	<u>45,043,978</u>	<u>377,520</u>	<u>2,267,938</u>	<u>-</u>	<u>257,617,509</u>	<u>269,922,797</u>
Total liabilities and net assets	<u>\$ 233,105,316</u>	<u>\$ 85,558,545</u>	<u>\$ 386,670</u>	<u>\$ 4,499,201</u>	<u>\$ (1,000,000)</u>	<u>\$ 322,549,732</u>	<u>\$ 340,368,950</u>

NATIONAL URBAN LEAGUE, INC.

Consolidating Schedule of Activities

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	<u>NUL</u>	<u>ULEC</u>	<u>ULEC, Leverage</u>	<u>UEF</u>	<u>Eliminations</u>	<u>2023 Total</u>	<u>2022 Total</u>
OPERATING ACTIVITIES							
<i>Revenue, gains, and other support</i>							
Government grants and contracts	\$ 33,351,006	\$ -	\$ -	\$ 125,000	\$ -	\$ 33,476,006	\$ 32,807,818
Contributions of nonfinancial assets	4,094,508	-	-	-	-	4,094,508	7,855,944
Contributions	32,133,851	3,200,000	-	309,309	-	35,643,160	43,541,868
Legacies and bequests	83,822	-	-	-	-	83,822	265,374
Special events	2,160,600	-	-	-	-	2,160,600	1,735,300
Program service fees	7,293,644	-	-	-	-	7,293,644	6,530,686
Franchise fees	208,500	-	-	-	-	208,500	207,500
Net investment return designated for current operations	1,776,237	-	-	-	-	1,776,237	1,316,364
Sale of publications	18,677	-	-	-	-	18,677	15,892
Interest income	-	-	-	119,475	-	119,475	110,286
Other	883,636	47	155,349	9,184	-	1,048,216	1,044,516
Board Designated Funds	(1,000,000)	-	-	-	-	(1,000,000)	-
Use of Board Designated Funds	1,641,795	-	-	-	-	1,641,795	-
Total revenue, gains, and other support	<u>82,646,276</u>	<u>3,200,047</u>	<u>155,349</u>	<u>562,968</u>	<u>-</u>	<u>86,564,640</u>	<u>95,431,548</u>
<i>Operating expenses</i>							
<i>Program services</i>							
Economic empowerment	54,858,137	-	-	-	-	54,858,137	46,178,742
Education and youth empowerment	7,231,214	-	-	-	-	7,231,214	7,360,838
Civic engagement and leadership empowerment	13,427,412	-	-	-	-	13,427,412	19,250,536
Technical assistance to affiliates	2,783,656	-	-	-	-	2,783,656	2,743,364
Health and quality of life empowerment	8,800,467	-	-	-	-	8,800,467	12,796,924
Civil rights and racial justice empowerment	524,833	-	-	-	-	524,833	473,756
Urban empowerment	-	-	-	562,968	-	562,968	457,303
Total program services	<u>87,625,719</u>	<u>-</u>	<u>-</u>	<u>562,968</u>	<u>-</u>	<u>88,188,687</u>	<u>89,261,463</u>
<i>Supporting services</i>							
Management and general	11,090,868	-	-	-	-	11,090,868	10,099,181
Fundraising	5,476,595	1,143,656	3,474	-	-	6,623,725	5,880,368
Total expenses	<u>104,193,182</u>	<u>1,143,656</u>	<u>3,474</u>	<u>562,968</u>	<u>-</u>	<u>105,903,280</u>	<u>105,241,012</u>
Changes in net assets from operations	<u>(21,546,906)</u>	<u>2,056,391</u>	<u>151,875</u>	<u>-</u>	<u>-</u>	<u>(19,338,640)</u>	<u>(9,809,464)</u>

NATIONAL URBAN LEAGUE, INC.

Consolidating Schedule of Activities *(continued)*

For the Year Ended December 31, 2023

(With Comparative Totals for the Year Ended December 31, 2022)

	<u>NUL</u>	<u>ULEC</u>	<u>ULEC, Leverage</u>	<u>UEF</u>	<u>Eliminations</u>	<u>2023 Total</u>	<u>2022 Total</u>
NON-OPERATING ACTIVITIES							
Add: Board designated contributions	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -
Less: Used funds from Board designated	(1,641,795)	-	-	-	-	(1,641,795)	-
Net investment return net of amount designated for current operations	9,259,161	-	-	-	-	9,259,161	(11,534,433)
Gain (loss) in fair value of interest rate swap obligation	196,816	-	-	-	-	196,816	(749,299)
Pension-related changes other than net periodic pension costs	(1,780,830)	-	-	-	-	(1,780,830)	(165,528)
Total non-operating activities	<u>7,033,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,033,352</u>	<u>(12,449,260)</u>
Changes in net assets	(14,513,554)	2,056,391	151,875	-	-	(12,305,288)	(22,258,724)
Net assets, beginning of year	<u>224,441,627</u>	<u>42,987,587</u>	<u>225,645</u>	<u>2,267,938</u>	<u>-</u>	<u>269,922,797</u>	<u>292,181,521</u>
Net assets, end of year	<u>\$ 209,928,073</u>	<u>\$ 45,043,978</u>	<u>\$ 377,520</u>	<u>\$ 2,267,938</u>	<u>\$ -</u>	<u>\$ 257,617,509</u>	<u>\$ 269,922,797</u>

NATIONAL URBAN LEAGUE, INC.
Consolidating Schedule of Activities
Including ULEC, LLC and ULEC Leverage
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
OPERATING ACTIVITIES					
<i>Revenue, gains, and other support</i>					
Government grants and contracts	\$ 33,351,006	\$ -	\$ -	\$ 33,351,006	\$ 32,682,818
Contributions of nonfinancial assets	4,094,508	-	-	4,094,508	7,855,944
Contributions	8,372,903	26,960,948	-	35,333,851	43,534,368
Less: Board designated contributions	-	-	-	-	-
Legacies and bequests	83,822	-	-	83,822	265,374
Special events	2,160,600	-	-	2,160,600	1,735,300
Federated fundraising agencies	-	-	-	-	-
Program service fees	7,293,644	-	-	7,293,644	6,530,686
Franchise fees	208,500	-	-	208,500	207,500
Investment return designated for current operations	1,776,237	-	-	1,776,237	1,316,364
Sale of publications	18,677	-	-	18,677	15,892
Other	1,039,032	-	-	1,039,032	824,263
<i>Net assets released from restrictions</i>					
Board-designated contributions	(1,000,000)	-	-	(1,000,000)	-
Use of Board designated funds	1,641,795	-	-	1,641,795	-
Satisfaction of restrictions	47,010,174	(47,010,174)	-	-	-
Total revenue, gains, and other support	<u>106,050,898</u>	<u>(20,049,226)</u>	<u>-</u>	<u>86,001,672</u>	<u>94,968,509</u>
OPERATING EXPENSES					
<i>Program services</i>					
Economic empowerment	54,858,137	-	-	54,858,137	46,178,742
Education and youth empowerment	7,231,214	-	-	7,231,214	7,360,838
Civic engagement and leadership empowerment	13,427,412	-	-	13,427,412	19,250,536
Technical assistance to affiliates	2,783,656	-	-	2,783,656	2,743,364
Health and quality of life empowerment	8,800,467	-	-	8,800,467	12,796,924
Civil rights and racial justice empowerment	524,833	-	-	524,833	473,756
Total program services	<u>87,625,719</u>	<u>-</u>	<u>-</u>	<u>87,625,719</u>	<u>88,804,160</u>
SUPPORTING SERVICES					
Management and general	11,090,868	-	-	11,090,868	10,099,181
Fundraising	6,623,725	-	-	6,623,725	5,880,368
Total expenses	<u>105,340,312</u>	<u>-</u>	<u>-</u>	<u>105,340,312</u>	<u>104,783,709</u>
Changes in net assets from operations	<u>710,586</u>	<u>(20,049,226)</u>	<u>-</u>	<u>(19,338,640)</u>	<u>(9,815,200)</u>
NON-OPERATING ACTIVITIES					
Board-designated contributions	1,000,000	-	-	1,000,000	-
Less: Used funds from Board designated	(1,641,795)	-	-	(1,641,795)	-
Investment return net of amount designated for current operations	7,555,422	1,703,739	-	9,259,161	(11,534,433)
Gain (loss) in fair value of interest rate swap obligation	196,816	-	-	196,816	(749,299)
Pension-related changes other than net periodic pension costs	(1,780,830)	-	-	(1,780,830)	(165,528)
Total non-operating activities	<u>5,329,613</u>	<u>1,703,739</u>	<u>-</u>	<u>7,033,352</u>	<u>(12,449,260)</u>
Changes in net assets	<u>6,040,199</u>	<u>(18,345,487)</u>	<u>-</u>	<u>(12,305,288)</u>	<u>(22,264,460)</u>
Net assets, beginning of year	<u>52,304,089</u>	<u>215,350,770</u>	<u>-</u>	<u>267,654,859</u>	<u>289,919,319</u>
Net assets, end of year	<u>\$ 58,344,288</u>	<u>\$ 197,005,283</u>	<u>\$ -</u>	<u>\$ 255,349,571</u>	<u>\$ 267,654,859</u>

NATIONAL URBAN LEAGUE, INC.
Schedule of Activities – Urban Empowerment Fund
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
OPERATING ACTIVITIES				
<i>Revenue, gains, and other support</i>				
Contributions	\$ 309,309	\$ -	\$ -	\$ 309,309
Government grants and contracts	125,000	-	-	125,000
Interest income	119,475	-	-	119,475
Other	9,184	-	-	9,184
<i>Net assets released from restrictions</i>				
Satisfaction of restrictions	-	-	-	-
Total revenue, gains, and other support	<u>562,968</u>	<u>-</u>	<u>-</u>	<u>562,968</u>
OPERATING EXPENSES				
<i>Program services</i>				
Urban empowerment	<u>562,968</u>	<u>-</u>	<u>-</u>	<u>562,968</u>
Total program services	<u>562,968</u>	<u>-</u>	<u>-</u>	<u>562,968</u>
SUPPORTING SERVICES				
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total expenses	<u>562,968</u>	<u>-</u>	<u>-</u>	<u>562,968</u>
Changes in net assets from operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NON-OPERATING ACTIVITIES				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	-	-	-	-
Net assets, beginning of year	<u>2,267,938</u>	<u>-</u>	<u>-</u>	<u>2,267,938</u>
Net assets, end of year	<u>\$ 2,267,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,267,938</u>

