



NATIONAL URBAN LEAGUE, INC.

**Consolidated Financial Statements and Supplemental Information
For the Years Ended December 31, 2024 and 2023
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

NATIONAL URBAN LEAGUE, INC.
Years Ended December 31, 2024 and 2023

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 (2024)	6
Consolidated Statement of Activities (2023)	7
Consolidated Statements of Cash Flows	8–9
Consolidated Statement of Functional Expenses (2024)	10
Consolidated Statement of Functional Expenses (2023)	11
Notes to Consolidated Financial Statements	12–49
SUPPLEMENTAL INFORMATION	
Consolidating Schedule of Financial Position	50–51
Consolidating Schedule of Activities	52–53
Consolidating Schedule of Activities – Including ULEC, LLC and ULEC Leverage	54
Schedule of Activities – Urban Empowerment Fund	55
Schedule of Activities – NUL Civic Engagement	56



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
National Urban League, Inc.

Report on the Audit of the Consolidated Financial Statements

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, 2024 and 2023, 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, 2024 and 2023, and the changes in its 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.

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

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 NUL's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

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 NUL'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.



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 GAAS. 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 30, 2025

CONSOLIDATED FINANCIAL STATEMENTS

NATIONAL URBAN LEAGUE, INC.
Consolidated Statements of Financial Position
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash, cash equivalents and restricted cash	\$ 44,790,395	\$ 54,068,028
Restricted cash deposit held in escrow	1,254,050	24,770,589
Funds held in escrow by others	-	534,182
Prepaid expenses and other assets	1,052,344	1,150,652
Grants and pledges receivable, net - current	31,209,308	25,118,805
Grants and pledges receivable, net - non-current	3,890,294	6,725,259
Franchise fees receivable, net	29,625	61,000
Investments	109,998,318	128,814,284
Loan receivable - NMTC	13,031,450	13,031,450
Loan receivable	818,494	569,200
Other assets	1,613,256	1,911,232
Operating lease right-of-use assets	7,707,202	9,843,684
Property and equipment, net	84,480,484	55,951,367
Total assets	<u>\$ 299,875,220</u>	<u>\$ 322,549,732</u>
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 11,516,302	\$ 11,462,552
Accrued payroll and vacation benefits	505,393	943,531
Accrued defined contribution costs	725,121	739,593
Contract advances and other deposits	85,526	281,773
Loan payable - other	1,580,000	1,000,000
Finance lease payable	161,460	-
Bonds payable (net of debt issuance costs of \$96,138 in 2024 and \$101,895 in 2023)	3,242,825	25,875,362
Loan payable - NMTC (net of debt issuance costs of \$1,507,107 in 2024 and \$1,634,529 in 2023)	16,642,893	16,515,471
Loan payable - bank (net of debt issuance costs of \$26,776 in 2024 and \$33,930 in 2023)	14,468,699	4,892,051
Interest rate swap liability	265,643	426,570
Operating lease liability	468,223	2,749,586
Interest payable	54,525	45,734
Total liabilities	<u>49,716,610</u>	<u>64,932,223</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
LIABILITIES AND NET ASSETS (<i>continued</i>)		
<i>Net assets</i>		
<i>Without donor restrictions</i>		
Undesignated	\$ 25,539,527	\$ 17,986,083
Board designated	<u>37,709,354</u>	<u>40,358,205</u>
Total without donor restrictions	63,248,881	58,344,288
With donor restrictions	<u>186,909,729</u>	<u>199,273,221</u>
Total net assets	<u>250,158,610</u>	<u>257,617,509</u>
Total liabilities and net assets	<u>\$ 299,875,220</u>	<u>\$ 322,549,732</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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES			
<i>Revenue, gains, and other support</i>			
Government grants and contracts	\$ 29,526,435	\$ 6,433,091	\$ 35,959,526
Contributions of nonfinancial assets	4,592,310	-	4,592,310
Contributions	11,093,705	32,799,026	43,892,731
Legacies and bequests	366,178	-	366,178
Special events	2,065,080	-	2,065,080
Program service fees	7,703,130	-	7,703,130
Franchise fees	221,500	-	221,500
Net investment return designated for current operations	1,967,202	-	1,967,202
Sale of publications	29,938	-	29,938
Interest income	-	124,261	124,261
Other	1,782,456	34,286	1,816,742
<i>Net assets released from restrictions</i>			
Board-designated contributions	(500,000)	-	(500,000)
Use of Board-designated funds	3,148,851	-	3,148,851
Satisfaction of restrictions	52,749,144	(52,749,144)	-
Total revenue, gains, and other support	<u>114,745,929</u>	<u>(13,358,480)</u>	<u>101,387,449</u>
OPERATING EXPENSES			
<i>Program services</i>			
Economic empowerment	59,146,199	-	59,146,199
Education and youth empowerment	7,806,953	-	7,806,953
Civic engagement and leadership empowerment	19,556,896	-	19,556,896
Technical assistance to affiliates	3,076,190	-	3,076,190
Health and quality of life empowerment	5,052,453	-	5,052,453
Civil rights and racial justice empowerment	577,265	-	577,265
Urban empowerment	670,078	-	670,078
NUL Civic Engagement	1,871	-	1,871
Total program services	<u>95,887,905</u>	<u>-</u>	<u>95,887,905</u>
<i>Supporting services</i>			
Management and general	10,769,757	-	10,769,757
Fundraising	7,299,238	-	7,299,238
Total expenses	<u>113,956,900</u>	<u>-</u>	<u>113,956,900</u>
Changes in net assets from operations	<u>789,029</u>	<u>(13,358,480)</u>	<u>(12,569,451)</u>
NON-OPERATING ACTIVITIES			
Board-designated contributions	500,000	-	500,000
Used funds from Board designated	(3,148,851)	-	(3,148,851)
Net investment return net of amount designated for current operations	6,603,488	994,988	7,598,476
Gain in fair value of interest rate swap	160,927	-	160,927
Total non-operating activities	<u>4,115,564</u>	<u>994,988</u>	<u>5,110,552</u>
Change in net assets	4,904,593	(12,363,492)	(7,458,899)
Net assets, beginning of year	<u>58,344,288</u>	<u>199,273,221</u>	<u>257,617,509</u>
Net assets, end of year	<u>\$ 63,248,881</u>	<u>\$ 186,909,729</u>	<u>\$ 250,158,610</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

	Without Donor Restrictions	With Donor Restrictions	Total
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	<u>88,188,687</u>	<u>-</u>	<u>88,188,687</u>
<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>
Change 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 Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (7,458,899)	\$ (12,305,288)
<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
Depreciation and amortization	647,689	658,438
Change in value donated assets	(51,551)	(51,728)
Amortization of debt issuance costs	350,132	300,287
Realized (gain) on sales of investments	(6,823,170)	(198,110)
Provision of uncollectible receivables	37,648	(58,785)
Provision for allowance	16,933	139,437
Unrealized depreciation (appreciation) of investments	576,121	(7,226,473)
Unrealized gain on interest rate swap agreement	(160,927)	(196,816)
<i>Changes in operating assets and liabilities</i>		
Change in grants and pledges receivable - current	(6,127,532)	2,589,799
Change in grants and pledges receivable - non-current	2,834,965	7,837,246
Change in franchise fees receivable	25,500	28,500
Change in prepaid expenses and other assets	98,308	56,784
Change in operating lease right use asset, net	2,188,033	2,243,801
Change in accounts payable and accrued expenses	53,750	(492,664)
Change in accrued payroll and vacation benefits	(438,138)	35,961
Change in operating lease liability	(2,281,363)	(2,337,133)
Change in interest payable	8,791	23,248
Change in accrued pension benefit cost	-	(820,204)
Change in accrued defined contribution costs	(14,472)	57,360
Change in contract advances and other deposits	(196,247)	(661,068)
Net cash used in operating activities	<u>(16,714,429)</u>	<u>(8,596,578)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(28,961,055)	(10,200,292)
Loan disbursement	(405,000)	(470,000)
Sales of investments	80,217,632	61,121,871
Purchases of investments	(55,154,617)	(48,154,668)
Net cash (used in) provided by investing activities	<u>(4,303,040)</u>	<u>2,296,911</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of revenue bonds	\$ (138,293)	\$ (134,010)
NYHFA bonds repayment	(22,500,000)	-
NYHFA bond proceeds	534,182	647,626
Loan issuance costs - NMTC	(209,800)	(209,800)
Loan repayments (net)	(853,999)	(796,050)
Loan proceeds - bank and other	11,147,522	500,000
Loan proceeds from donated assets	297,976	219,024
Payments for financed car lease	(54,291)	-
Net cash (used in) provided by financing activities	<u>(11,776,703)</u>	<u>226,790</u>
Net decrease in cash, restricted cash and cash equivalents	(32,794,172)	(6,072,877)
Cash, cash equivalents and restricted cash, beginning of year	<u>78,838,617</u>	<u>84,911,494</u>
Cash, cash equivalents and restricted cash, end of year	<u><u>\$ 46,044,445</u></u>	<u><u>\$ 78,838,617</u></u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u><u>\$ 930,568</u></u>	<u><u>\$ 982,000</u></u>
<i>Noncash investing and financing activities</i>		
Leased asset obtained in exchange for lease liability	<u><u>\$ 169,837</u></u>	<u><u>\$ -</u></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, 2024

	Program Services								Supporting Services			
	Economic	Education	Civic Engagement	Technical	Health and	Civil Rights and	Urban	NUL Civic	Total	Management		
	Empowerment	and Youth	and Leadership	Assistance to	Quality of Life	Racial Justice	Empowerment			Fund	Engagement	and General
Salaries	\$ 2,849,024	\$ 1,558,254	\$ 3,017,263	\$ 1,055,891	\$ 700,173	\$ 187,598	\$ 253,735	\$ -	\$ 9,621,938	\$ 4,901,985	\$ 2,075,252	\$ 16,599,175
Payroll taxes and related benefits	731,078	398,149	789,241	266,405	171,053	34,946	42,774	-	2,433,646	1,262,475	553,194	4,249,315
Subcontract payments	25,846,694	2,378,935	636,327	278,900	1,630,000	-	-	-	30,770,856	-	75,000	30,845,856
Payments to organizations	22,856,400	38,800	1,300,000	-	-	-	-	-	24,195,200	-	-	24,195,200
Donated materials and services	2,251,389	-	2,340,921	-	-	-	-	-	4,592,310	-	30,000	4,622,310
Professional contract services	2,642,717	1,522,533	7,133,480	457,776	1,918,750	154,049	309,346	-	14,138,651	1,461,700	2,124,222	17,724,573
Supplies	53,701	95,745	244,517	40,597	84,072	6,070	-	607	525,309	106,600	35,826	667,735
Telephone	73,567	39,563	77,999	26,328	16,957	3,454	-	-	237,868	127,601	54,671	420,140
Occupancy	490,140	270,336	538,984	181,369	117,133	23,851	-	-	1,621,813	898,313	709,135	3,229,261
Commercial insurance	69,030	37,123	73,189	24,705	15,911	3,241	12,599	-	235,798	119,732	51,300	406,830
Postage and shipping	8,197	21,060	47,285	6,530	5,915	3,420	-	-	92,407	51,115	7,183	150,705
Printing, duplication, and artwork	23,228	84,409	56,155	3,073	15,860	585	-	-	183,310	8,574	5,011	196,895
Travel, conferences, and conventions	864,366	1,068,829	2,487,091	548,076	280,851	118,241	5,831	1,264	5,374,549	1,018,879	624,151	7,017,579
Subscription and publication	48,263	31,373	131,952	12,963	11,220	4,322	188	-	240,281	74,936	52,372	367,589
Furniture and equipment	100,680	64,064	178,818	42,126	28,233	15,614	-	-	429,535	180,952	65,088	675,575
Awards and grants	-	23,650	10,000	-	-	-	-	-	33,650	1,000	-	34,650
Bad debt	-	-	-	-	-	-	1,677	-	1,677	52,904	-	54,581
Interest expense	41,862	22,512	44,384	14,982	9,649	1,965	28,330	-	163,684	75,665	731,084	970,433
Miscellaneous	66,733	83,211	337,657	78,464	22,024	14,499	15,598	-	618,186	243,944	18,679	880,809
Depreciation and amortization	129,130	68,407	111,633	38,005	24,652	5,410	-	-	377,237	183,382	87,070	647,689
Total expenses	\$ 59,146,199	\$ 7,806,953	\$ 19,556,896	\$ 3,076,190	\$ 5,052,453	\$ 577,265	\$ 670,078	\$ 1,871	\$ 95,887,905	\$ 10,769,757	\$ 7,299,238	\$ 113,956,900

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.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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).

NUL Civic Engagement Fund (Civic) is an entity that was established in May 2020. It is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code (IRC), and has been classified as a publicly supported organization as described in IRC Sections 501(c)(4). Civic received its acknowledgement letter from the Internal Revenue Service dated July 6, 2020. The net assets of Civic are not available for distribution to NUL.

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 almost four 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 36 states and the District of Columbia work principally with African Americans and other disadvantaged urban communities to diligently close equality gaps for people at all economic levels and stages of life, thereby creating an opportunity for citizens to give back as volunteers. In pursuit of its mission—helping African Americans and other underserved urban residents to secure economic self-reliance, parity, power, and civil rights—the League's approach to empowerment is based on five pillars which consist of:

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1 ORGANIZATION *(continued)*

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

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

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

Health and Quality of Life Empowerment 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.

In addition, the League provides *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 \$25,000-\$250,000 (capital), and
- Providing policy advocacy to improve the business climate for MBEs (customers).

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Civic is committed to advancing civil rights, economic justice, and democratic integrity through strategic political advocacy and robust voter mobilization in federal elections. Building on the success of the National Urban League's Reclaim Your Vote initiative, Civic empowers communities to take political action in the face of rising authoritarianism and attacks on equity.

Through digital campaigns, grassroots organizing, and in-person convenings, Civic delivers a clear political message: protecting our democracy and civil rights requires full and active participation in every election cycle. Whether in presidential, congressional, or other federal contests, we work to ensure voters are engaged, informed, and mobilized to support candidates and policies that reflect justice, equity, and opportunity for all.

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.

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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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

Consolidated Financial Statement Presentation *(continued)*

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.

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 (2023) amounts have been reclassified to conform with the current-year (2024) 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, 2024 and 2023, were \$21,563,468 and \$41,653,551, 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, 2024 and 2023, 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 \$940,243 and \$2,935,398 of Board-designated funds at December 31, 2024 and 2023, respectively.

Cash contractually required to be held in a separate account, in connection with NUL's new homesite development project, of \$1,254,050 and \$24,770,589 is separately reported as restricted cash held in escrow at December 31, 2024 and 2023, respectively, in the consolidated financial statements.

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

Cash, Cash Equivalents, and Restricted Cash *(continued)*

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

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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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

Investments *(continued)*

The League targets a strategic investment asset allocation based on a 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.

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 due to ULEC related to financing arrangements to construction the NMTC project. Refer to Notes 1 and 21 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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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

Property and Equipment

Building, furniture and fixtures, equipment, leasehold improvements and vehicle 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
Vehicle	4

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 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. There were no estimated impairment losses recognized in 2024 and 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, 2024 and 2023, because such conditions were not met totaled \$0 and \$850,000, 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.

Rental (Sublease) Income and Related Receivables

The League recognizes rental income from a sublease, described in Note 14, on a straight-line basis over the term of its ground lease, considering (and adjusting for, as necessary) the current terms of its sublessee's arrangements with its tenants. The sublease agreement also provides for supplemental rent under certain circumstances. This rent will be recognized once those circumstances arise. Rental income is included in other income.

The League periodically performs a detailed review of amounts due from its sublessee to determine if accounts receivable balances are realizable based on factors affecting the collectability. Any adjustments for such will impact changes

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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

Support and Revenue Recognition *(continued)*

in net assets, in the period in which such amounts are considered uncollectible.

The League considers its sublease arrangement a passive activity.

Credit and Financial Risk

Substantially all pledged receivables 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.

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 matters.

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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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

Contributions of Nonfinancial Assets *(continued)*

Contributed financial assets, other than cash, are recorded at fair value as of 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 \$833,736 and \$620,363 in 2024 and 2023, respectively, are reported as part of the professional contract services expense in the consolidated statements of functional expenses.

Measure of Operations

The League uses a "change in net assets from operations" as the measure of net assets that are available to support services in future periods. Measure of operations excludes gains or losses on 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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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

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. UEF is exempt from Federal income taxes under Section 509(a)(1) and classified as a Section 501(c)(3) of the IRC. Civic is exempt from Federal income taxes under Section 509(a)(1) and classified as a Section 501(c)(4) of the IRC. Accordingly, no provision for Federal or state income taxes has been made in the accompanying consolidated financial statements.

The League, UEF and Civic are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. It has been determined that the League will file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income from sublease rental income generated from certain ULEC affiliates in 2024. Federal and state income taxes that arose from unrelated business income in 2024 is not material to the League's operations. The entities are subject to routine audits by taxing jurisdictions. There are no audits for any tax periods that are currently in progress. Management believes that the League, UEF and Civic are no longer subject to such income tax examinations for years prior to 2021.

Management has analyzed the tax positions taken by the League, UEF and Civic and has concluded that as of December 31, 2024 and 2023, 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.

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 21).

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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 3 FAIR VALUE MEASUREMENTS AND INVESTMENTS

Fair Value on a Recurring Basis

The following tables set forth, by level within the fair value hierarchy, assets and liabilities measured at fair value as of December 31, 2024 and 2023:

	Fair Value as of December 31, 2024			
	Total	Level 1	Level 2	Level 3
ASSETS				
<i>Cash and cash equivalents</i>				
Interest-bearing cash deposits	\$ 30,707,242	\$ 30,707,242	\$ -	\$ -
Certificates of deposit	1,480,470	1,480,470	-	-
Total cash and cash equivalents	\$ 32,187,712	\$ 32,187,712	\$ -	\$ -
<i>Investments</i>				
Money market funds	\$ 10,800,311	\$ 10,800,311	\$ -	\$ -
Equity securities	34,468,767	34,468,767	-	-
Fixed-income securities	49,435,933	49,435,933	-	-
Hedge Funds	4,523,689	-	4,523,689	-
Partnership investment at fair value	10,769,618	-	-	10,769,618
Total investments	\$ 109,998,318	\$ 94,705,011	\$ 4,523,689	\$ 10,769,618
LIABILITY				
Interest rate swap agreement	\$ (265,643)	\$ -	\$ (265,643)	\$ -
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	\$ 42,299,776	\$ 42,299,776	\$ -	\$ -
Certificates of deposit	448,039	448,039	-	-
Total cash and cash equivalents	\$ 42,747,815	\$ 42,747,815	\$ -	\$ -
<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)	\$ -

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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 3 INVESTMENTS *(continued)*

Fair Value on a Recurring Basis *(continued)*

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.

The League invested in various private equity investments, which are considered a Level 3 investments within the fair value hierarchy. The League has an unfunded capital commitment of approximately \$2,915,806 and \$4,535,127 as of December 31, 2024 and 2023, respectively.

The following table includes a roll-forward of the amounts for the year ended December 31, 2024, 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	
	2024	2023
Balance of recurring Level 3 assets at January 1	\$ 9,066,934	\$ 6,578,123
Purchases	1,722,697	2,088,668
Unrealized gain	1,065,434	608,223
Realized loss	(60,823)	(38,869)
Investment gain	19,245	228,883
Return of capital	(1,043,869)	(398,094)
Balance of recurring Level 3 assets at December 31	\$ 10,769,618	\$ 9,066,934

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 3 INVESTMENTS *(continued)*

Fair Value on a Recurring Basis *(continued)*

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:

	2024	2023
Dividends and interest income	\$ 3,318,629	\$ 3,610,815
Net realized gains on sales of investments	6,823,170	198,110
Unrealized (depreciation) appreciation of investments	<u>(576,121)</u>	<u>7,226,473</u>
Total investment return	<u>\$ 9,565,678</u>	<u>\$ 11,035,398</u>
Current operations	\$ 1,967,202	\$ 1,776,237
Non-operating activity	<u>7,598,476</u>	<u>9,259,161</u>
Total investment return	<u>\$ 9,565,678</u>	<u>\$ 11,035,398</u>

The dividends and interest income above are net of investment fees of \$583,539 and \$630,959 in 2024 and 2023, respectively.

Under the League's endowment spending policy in 2024 and 2023, 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:

	2024	2023
Gain on non-long-term reserves	\$ 834,802	\$ 677,117
Board designated for current operations	<u>1,132,400</u>	<u>1,099,120</u>
Total designated for current operations	<u>1,967,202</u>	<u>1,776,237</u>
Investment return on long-term reserves	8,730,876	10,358,281
Board designated for current operations	<u>(1,132,400)</u>	<u>(1,099,120)</u>
Non-operating investment return	<u>7,598,476</u>	<u>9,259,161</u>
Total investment return	<u>\$ 9,565,678</u>	<u>\$ 11,035,398</u>

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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 4.25% and 4.23% in 2024 and 2023, respectively. Grants and pledges receivable at December 31 are comprised of the following:

	<u>2024</u>	<u>2023</u>
<i>Grant and contract receivables</i>		
Less than one year	\$ 28,447,697	\$ 22,463,794
One to five years	4,565,000	7,487,585
Less: Fair value adjustment	(674,706)	(762,326)
<i>Pledges receivable</i>		
Pledges due in less than one year	<u>2,875,992</u>	<u>2,760,011</u>
	35,213,983	31,949,064
Less: Allowance for doubtful amounts	<u>(114,381)</u>	<u>(105,000)</u>
Total grants and pledges receivable, net	<u><u>\$ 35,099,602</u></u>	<u><u>\$ 31,844,064</u></u>

NOTE 5 FRANCHISE FEES RECEIVABLE

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

	<u>2024</u>	<u>2023</u>
Gross franchise fees receivable	\$ 65,500	\$ 91,000
Less : Allowance for doubtful amounts	<u>(35,875)</u>	<u>(30,000)</u>
Net franchise fees receivable	<u><u>\$ 29,625</u></u>	<u><u>\$ 61,000</u></u>

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 6 PROPERTY AND EQUIPMENT

At December 31, 2024 and 2023, property and equipment consisted of the following:

	2024		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Leasehold improvements	\$ 4,122,728	\$ 4,122,728	\$ -
Building	4,109,068	761,795	3,347,273
Furniture and fixtures	970,288	690,353	279,935
Equipment	928,453	805,446	123,007
Vehicle	215,553	4,491	211,062
Computer software	4,628,283	3,399,251	1,229,032
	14,974,373	9,784,064	5,190,309
Construction in progress	79,290,175	-	79,290,175
Total	\$ 94,264,548	\$ 9,784,064	\$ 84,480,484

	2023		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
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	\$ 65,355,856	\$ 9,404,489	\$ 55,951,367

Depreciation and amortization expenses for 2024 and 2023 were \$647,689 and \$658,438, respectively.

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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 7 DEVELOPMENT PROJECT *(continued)*

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 \$0 and \$23,634,385 as of December 31, 2024 and 2023, respectively. These amounts are included in restricted cash held in escrow in the consolidated statements of financial position. In 2024, NUL drew down \$5,567,522 under the bridge loan. For the year ended December 31, 2024, interest expense of \$274,211 was accrued on this loan. As of December 31, 2023, NUL had not borrowed on the bridge loan. Also, see Note 9.

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 Fall 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, 2024 and 2023, \$22,500,000 and \$21,965,818, respectively, of the funds were approved by the NYHFA to be given to the League for related incurred costs. As of December 31, 2024 and 2023, the remaining balance of \$0 and \$534,182, 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 2024, to effectively facilitate the plan termination.

The League and UEF also sponsor a contributory defined contribution plan. Contributions to this plan are based on employees' annual compensation. NUL expenses for 2024 and 2023 were \$718,150 and \$731,360, respectively. UEF expenses for 2024 and 2023 were \$6,971 and \$6,284, 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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 8 ACCRUED PENSION BENEFITS *(continued)*

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

	<u>2024</u>	<u>2023</u>
Change in benefit obligations		
<i>Projected benefit obligations, beginning of year</i>	\$ -	\$ 17,601,447
Interest cost	-	835,078
Actuarial (gain) loss	-	1,961,991
Other	-	-
Benefit payments and settlements	-	(20,398,516)
Projected benefit obligations, end of year	-	-
Change in plan assets		
<i>Fair value of plan assets, beginning of year</i>	-	18,562,073
Actual return on plan assets (net of expenses)	-	412,586
Employer contributions	-	1,423,857
Benefit payments and settlements	-	(20,398,516)
Fair value of plan assets, end of year	-	-
Funded status	<u>\$ -</u>	<u>\$ -</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.

In 2024 and 2023, the League recognized net benefit expense of \$0 and \$1,780,860 pursuant to the termination of the plan, respectively.

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

	<u>2024</u>	<u>2023</u>
<i>Components of net periodic benefit cost</i>		
Interest cost	\$ -	\$ 835,073
Expected return on plan assets	-	(698,483)
Amortization of net actuarial loss	-	467,055
Net periodic benefit cost	<u>\$ -</u>	<u>\$ 603,645</u>

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 8 ACCRUED PENSION BENEFITS *(continued)*

The following table sets forth a summary of changes in the value of the plan's Level 3 investments for the year ended December 2023:

Group pension contracts - 2023

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

NOTE 9 BONDS AND NOTES 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 5.74% and 6.40% for December 31, 2024 and 2023, respectively. The 2017 Bonds mature on September 1, 2042.

Long-term debt on the 2017 Bonds consisted of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Revenue bonds (gross)	\$ 3,338,963	\$ 3,477,257
Unamortized debt issuance costs	<u>(96,138)</u>	<u>(101,895)</u>
Long-term debt (net)	<u>\$ 3,242,825</u>	<u>\$ 3,375,362</u>

Interest expense, including interest rate swap interest, on the 2017 Bonds was \$95,813 and \$135,536 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 9 BONDS AND NOTES PAYABLE *(continued)*

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 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, 2024 and 2023, was \$22,500,000 and \$21,965,818, respectively. Available funds of \$534,182, as of December 31, 2023, were held at Bank of New Mellon by the NYHFA in trust until they were used in 2024. Interest costs on the bonds, which have been capitalized during the construction/pre-construction period, were \$250,000 and \$562,500 the years ended December 31, 2024 and 2023, respectively. On July 2024, the NYFHA bonds were repaid in full. The source of repayment was the restricted cash held in escrow at the Goldman Sachs Bank. All obligations, both financial and operational related to the outstanding debt, were met and totally satisfied.

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

<u>Year</u>	<u>Amount</u>
2025	\$ 142,719
2026	147,279
2027	151,986
2028	156,846
2029	161,856
2030-2042	<u>2,578,277</u>
Total	<u>\$ 3,338,963</u>

Truist Loans

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
For the Years Ended December 31, 2024 and 2023

NOTE 9 BONDS AND NOTES PAYABLE *(continued)*

Truist Loans *(continued)*

Long-term debt consisted of the following as of December 31, 2024:

	<u>2024</u>	<u>2023</u>
Loan (gross)	\$ 3,927,853	\$ 4,925,981
Unamortized debt issuance costs	<u>(26,776)</u>	<u>(33,930)</u>
Long-term debt (net)	<u>\$ 3,901,077</u>	<u>\$ 4,892,051</u>

The aggregate amounts of principal maturities on notes payable for the next four years and thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 1,018,680
2026	1,039,761
2027	1,061,271
2028	<u>808,241</u>
Total	<u>\$ 3,927,953</u>

Interest expense, including interest rate swap interest, on the loan was \$130,348 and \$116,054 for the years ended December 31, 2024 and 2023, respectively. Interest on the loan is charged at a rate of 5.46% and 6.46% in 2024 and 2023, 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 \$7,154 and \$7,142 for the years ended December 31, 2024 and 2023, respectively.

Amalgamated Bank Loan

In October 2024, the League received a \$5,000,000 loan from Amalgamated Bank. The loan proceeds were used to support the construction costs related to the construction project. The loan matures on October 8, 2025. For the year ended December 31, 2024, interest expense on this loan was \$88,542. Interest on the loan is charged at a rate of 7.5%.

Goldman Sachs Bridge Loan

In 2024, NUL drew down \$5,567,522 under the bridge loan, as described in Note 7. The loan matures on July 30, 2025, with the option to request two separate six month extensions. For the year ended December 31, 2024, interest expense of \$274,211 was accrued on this loan. Interest on the loan is charged at a rate of Term SOFR + 6.00%.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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, 2024 and 2023, was \$3,338,963 and \$3,477,257, 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, 2024 and 2023, the agreement's estimated fair value was in a (liability) asset position of \$(42,131) and \$(101,191), respectively.

Activity for the year ended December 31, 2024, under the first interest rate swap agreement, is as follows:

Fair value of interest rate swap liability, beginning of year	\$ (101,191)
Unrealized gain on interest rate swap	<u>59,059</u>
Fair value of interest rate swap liability, end of year	<u>\$ (42,131)</u>

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

Fair value of interest rate swap liability, beginning of year	\$ (145,229)
Unrealized gain on interest rate swap	<u>44,038</u>
Fair value of interest rate swap liability, end of year	<u>\$ (101,191)</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, 2024 and 2023, was \$3,927,953 and \$4,925,981, 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, 2024 and 2023, the agreement's estimated fair value was in a liability position of \$(223,512) and \$(325,379), respectively.

Activity for the year ended December 31, 2024, under the second interest rate swap agreement, is as follows:

Fair value of interest rate swap liability, beginning of year	\$ (325,379)
Unrealized gain on interest rate swap	<u>101,867</u>
Fair value of interest rate swap liability, end of year	<u>\$ (223,512)</u>

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 10 INTEREST RATE SWAP AGREEMENT *(continued)*

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

Fair value of interest rate swap liability, beginning of year	\$ (478,157)
Unrealized gain on interest rate swap	<u>152,778</u>
Fair value of interest rate swap liability, end of year	<u>\$ (325,379)</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 6.86% and 7.86% for December 31, 2024 and 2023, respectively. The line of credit is secured by all personal property of the League, as defined in the Agreement.

The loan balance at December 31, 2024 and 2023, amounted to zero, respectively. Interest expense in both 2024 and 2023 amounted to zero.

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

NOTE 12 CONTRIBUTIONS OF NONFINANCIAL ASSETS

In 2020, the League received donations in the form of the assignment of rights associated with loans receivable. During 2024 and 2023, a total of \$297,976 and \$219,024, respectively, in principal payments was received. As of December 31, 2024 and 2023, the donated loans receivable, included in other assets, totaled \$1,613,256 and \$1,911,232, respectively.

The League previously received donated contributions related to a ground lease valued at \$2,568,486 and \$2,577,541 as of December 31, 2024 and 2023, respectively, as described in Note 14.

NUL received total donated materials and services valued at \$4,592,310 and \$4,094,508 in 2024 and 2023, respectively. Included in the donated materials and services are \$2,340,921 and \$2,144,169 for its television airtime in 2024 and 2023, respectively. Also included are \$2,251,389 and \$1,950,339 from affiliates for donated time for programmatic initiatives for 2024 and 2023, respectively.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 13 SPECIAL EVENTS

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

For the years ended December 31, 2024 and 2023, total revenue and expenses related to the event were as follows:

	<u>2024</u>	<u>2023</u>
Special event-revenues (gross)	\$ 2,065,080	\$ 2,160,600
Special event-expenses (gross)	<u>(806,616)</u>	<u>(702,850)</u>
Net special event-revenue	<u>\$ 1,258,464</u>	<u>\$ 1,457,750</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, 2024 and 2023, a lease liability of \$468,223 and \$2,749,586, respectively, which represents the present value of the remaining lease payments of \$461,553 and \$2,700,094, respectively, discounted using the League's estimated incremental borrowing of 2.4% for both 2024 and 2023, and right-of-use assets of \$366,000 and \$2,442,913, respectively, which represents the lease liability of \$366,000 and \$2,442,913, respectively, adjusted for deferred rent credit of \$102,223 and \$306,673, respectively.

Lease expense of \$2,024,734 and \$2,037,783 in 2024 and 2023, respectively, is included in the consolidated statements of functional expenses.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

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 – 2024	\$ 2,126,957
Operating cash flows from operating leases – 2023	2,242,227
Financing cash flows from lease – 2024	215,553

Supplemental weighted information related to leases is as follows:

Operating leases weighted-average remaining lease term in years – 2024	.5 years
Operating leases weighted-average remaining lease term in years – 2023	1.5 years

Financing lease weighted-average remaining least term in years – 2024	3.58 years
---	------------

Operating leases weighted-average discount rate – 2024 and 2023	2.4%
---	------

Financing leases weighted-average discount rate – 2024	5.5%
--	------

Minimum noncancellable lease payments under operating and financing leases as of December 31, 2024, are as follows:

	Financing Amounts	Operating Amounts
2025	\$ 34,299	\$ 1,104,743
2026	34,299	-
2027	34,299	-
2028	20,007	-
Residual value to be paid at end of term	57,491	-
Total lease payments	180,395	1,104,743
Less: Imputed interest	18,935	6,911
Total	\$ 161,460	\$ 1,097,832

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 14 LEASES *(continued)*

Lease Recognition *(continued)*

Office Lease

NUL is expected to generate sublease income of \$67,500 from its office lease in 2025.

The New York office, 80 Pine Street, net rental expense for the years ended December 31, 2024 and 2023, was \$1,985,174 and \$1,985,174, respectively.

Vehicle lease

NUL incurred interest and amortization expense of \$3,056 and \$4,491 during 2024 in connection with its lease vehicle.

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 2119.

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 \$7,341,201 associated with the Ground Lease includes the prepayment of \$4,772,715 and the present value (at an assumed discount rate of 2%) of the contribution receivable of \$2,568,486 as of December 31, 2024. 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 an assumed discount rate of 2%) of the contribution receivable of \$2,577,541 as of December 31, 2023.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 14 LEASES *(continued)*

Lease Recognition *(continued)*

Ground Lease (continued)

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

	<u>2024</u>	<u>2023</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>5,393,940</u>	<u>5,454,546</u>
	5,757,576	5,818,182
Present value adjustment	<u>(3,189,090)</u>	<u>(3,240,641)</u>
Contributed rent receivable (net)	<u><u>\$ 2,568,486</u></u>	<u><u>\$ 2,577,541</u></u>

Sublease Income

The League, through ULEC, subleases a portion of the land to a third party for a term consistent with the term of the Ground Lease described above. Included in other income is \$625,000 of rental income received in 2024 in connection with the arrangement. Under the terms of the agreement, the sublessee minimum rent due is noted below.

<u>Year</u>	<u>Sublease Income</u>
2025	\$ 1,531,250
2026	1,575,000
2027	1,575,000
2028	1,575,000
2029	1,575,000
Thereafter	<u>387,164,717</u>
Total	<u><u>\$ 394,995,967</u></u>

See Note 2 for information regarding the League's accounting policy for rental income and related receivables.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 14 LEASES (continued)

Lease Recognition (continued)

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 to NYSUDC.

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's PILOT Agreement is effective following substantial completion of the Development Project, which is anticipated to be in June 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
For the Years Ended December 31, 2024 and 2023

NOTE 16 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
<i>Subject to expenditures for a specific purpose</i>		
Economic Empowerment	\$ 70,238,947	\$ 96,735,508
Building Fund	55,795,225	45,421,499
Education and Youth Empowerment	7,953,336	10,939,172
Civic Engagement/Leadership Empowerment	3,141,383	3,806,328
Urban Empowerment Fund	4,022,269	2,267,938
NUL Civic Empowerment Fund	48,552	-
Health and Quality of Life Empowerment	195,415	478,985
Total purpose restricted	<u>141,395,127</u>	<u>159,649,430</u>
<i>Subject to the passage of time</i>		
Future periods	20,538,346	15,642,523
Endowment funds	4,978,191	3,983,203
Subtotal	<u>166,911,664</u>	<u>179,275,156</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	279,127	279,127
Subtotal	<u>19,998,065</u>	<u>19,998,065</u>
Total	<u>\$ 186,909,729</u>	<u>\$ 199,273,221</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
For the Years Ended December 31, 2024 and 2023

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>2024</u>	<u>2023</u>
<i>Specific passage of time</i>		
Economic empowerment	\$ 34,966,165	\$ 30,214,445
Building fund	1,921,813	1,147,135
Education and Youth Empowerment	5,588,089	4,130,764
Civic Engagement/Leadership Empowerment	2,488,023	1,084,456
Health and Quality of Life Empowerment	368,169	119,836
Urban Empowerment Fund	493,793	437,968
NUL Civic Empowerment Fund	1,871	-
Passage of time	6,921,221	10,313,538
Total	<u>\$ 52,749,144</u>	<u>\$ 47,448,142</u>

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 18 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>2024</u>	<u>2023</u>
<i>Financial assets</i>		
Cash, cash equivalents and restricted cash	\$ 55,591,326	\$ 54,068,028
Investments	109,998,318	128,814,284
Funds held in escrow by others	-	534,182
Cash deposits in escrow	-	6,034,038
Grants and pledges receivables, net - current	31,053,550	25,118,805
Grants and pledges receivables, net - non-current	3,890,294	6,725,259
Franchise fees receivable, net	29,625	61,000
Total financial assets available	200,563,113	221,355,596
<i>Liquidity resources</i>		
Bank line of credit available	2,000,000	2,000,000
Total financial assets and liquidity resources available	202,563,113	223,355,596
<i>Less:</i>		
<i>Amounts unavailable for general expenditures within one year, due to</i>		
Restricted - Board designated	(37,209,354)	(40,358,205)
Restricted by donors with purpose restrictions	(119,566,486)	(133,380,021)
Restricted by donors in perpetuity	(19,998,065)	(19,998,065)
Total amounts unavailable for general expenditures within one year	(176,773,905)	(193,736,291)
Net financial assets and liquidity resources available within one year	\$ 25,789,208	\$ 29,619,305

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.

NOTE 19 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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 19 ENDOWMENTS *(continued)*

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, 2024	Without Donor Restrictions	With Donor Restricted	Total
Board-designated endowment funds	\$ 37,709,354	\$ -	\$ 37,709,354
Donor-restricted endowment funds	-	25,008,998	25,008,998
Total funds, as of Decemer 31, 2024	\$ 37,709,354	\$ 25,008,998	\$ 62,718,352
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

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 19 **ENDOWMENTS** *(continued)*

Endowment Net Asset Composition by Type of Fund

Changes in endowment net assets for the fiscal years ended December 31, 2024 and 2023, are as follows:

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 40,358,205	\$ 24,014,010	\$ 64,372,215	\$ 41,000,000	\$ 22,310,271	\$ 63,310,271
Investment return	-	-	-	-	-	-
Investment income						
Interest and dividends	670,229	425,354	1,095,583	374,183	795,004	1,169,187
Net appreciation of investments	2,682,734	1,702,034	4,384,768	3,619,392	2,007,855	5,627,247
Additional Board-designated funds	500,000	-	500,000	1,000,000	-	1,000,000
Board-approved appropriations						
Appropriation of endowment assets to						
Investment returns not designated	(3,352,963)	-	(3,352,963)	(3,993,575)	-	(3,993,575)
Current operations	(3,148,851)	(1,132,400)	(4,281,251)	(1,641,795)	(1,099,120)	(2,740,915)
Endowment net assets, end of year	\$ 37,709,354	\$ 25,008,998	\$ 62,718,352	\$ 40,358,205	\$ 24,014,010	\$ 64,372,215

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 to minimize the risk of large losses unless it would prove to be unwise under particular circumstances. 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 19 **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, 2024 and 2023.

NOTE 20 **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 2024 and 2023, NUL recognized franchise fees of \$221,500 and \$208,500, respectively.

Subcontract payments are made by the League to affiliates for their services in carrying out specific projects. In 2024 and 2023, subcontract payments to affiliates totaled \$30,845,856 and \$31,851,822, respectively.

The League received \$2,251,389 and \$1,950,339 in donated services and materials from affiliates in 2024 and 2023, respectively.

NOTE 21 **NEW MARKETS TAX CREDITS (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).

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 21 NEW MARKETS TAX CREDITS (NMTC) *(continued)*

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 QLICI under Stonehenge Community Development's NMTC authority. For each QLICI, the League is paid an economic assessment consulting fee equal to 0.50% of the amount of each QLICI. The League received \$330,098 and \$332,500 in fees for the years ended December 31, 2024 and 2023, 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 \$399,554 and \$481,453 as of December 31, 2024 and 2023, respectively. The proceeds from the CDEs loans will be used to partially fund the construction of the NMTC Project.

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.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 21 NEW MARKETS TAX CREDIT (NMTC) *(continued)*

2021 NMTC Project *(continued)*

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 \$1,107,553 and \$1,153,076 as of December 31, 2024 and 2023, 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 22 UEF LOANS

On March 25, 2021, Charter Communications Holding, LLC (Charter) and UEF entered into an agreement to borrow up to \$3,000,000 (the loan) to be drawn down in increments of \$500,000. To date, UEF has drawn down three installments totaling \$1,500,000. Under the agreement, UEF can request additional drawdowns after meeting certain milestones and covenants stated in the agreement. The proceeds from the drawdowns are required to be used to deploy end loans to small businesses operating within Charter's service area. The loan is priced at a fixed annual interest rate of 2.5% and matures on 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. For the Charter agreement, the loan payable balance was \$1,500,000 and \$1,000,000 as of December 31, 2024 and 2023, respectively. The accrued interest expense was \$54,525 and \$45,734 as of December 31, 2024 and 2023, respectively.

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 22 UEF LOANS *(continued)*

As of December 31, 2024, the loan payable balance includes an \$80,000 commitment to a small business that was not yet been funded.

UEF loan receivables comprise of loans funded by Charter Communications and NUL investment (EQ2).

To date, end-loans made by UEF using the Charter funds have been structured as term loans with interest rates ranging from 3%-8% and terms ranging from 60 – 120 months. Some of these end loans carry a closing fee of up to 4%, charged to the borrower and reported as fee income to UEF. In 2024 and 2023, UEF deployed \$470,000 to seven businesses and \$405,000 to seven businesses, respectively. Of the total deployed in 2024, \$295,000 was part of a loan participation with Grow America (discussed further below). Of the \$295,000, \$80,000 was due to the borrower as of December 31, 2024. There was no loan participation in 2023.

No new loans were extended through the NUL investment (EQ2) in either 2024 or 2023.

Principal payments on outstanding loans totaled \$144,029 and \$81,740 in 2024 and 2023, respectively. Interest income generated from these loans in 2024 and 2023, were \$43,100 and \$27,325, respectively. Of these amounts, UEF received \$9,583 and \$9,260 in principal loan payments in 2024 and 2023, respectively, and recognized \$1,739 and \$2,345 in interest income in 2024 and 2023, respectively, related to loan funded by NUL investment (EQ2). Of these amounts, UEF received \$4,075 in principal loan payments and recognized \$866 in interest income related to loan participation and servicing agreements.

During 2024, UEF entered into participation and servicing agreements on selected loans originated and serviced by Grow America. These loans were co-originated and underwritten by UEF and Grow America; however, they were serviced by Grow America via a servicing agreement. The extent of UEF's participation in each loan is determined by a mutually agreed-upon percentage allocation, which is based on an assessment of the associated risk tolerance for each specific loan.

Amounts included in loans receivable are below:

NATIONAL URBAN LEAGUE, INC.
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 22 **UEF LOANS** *(continued)*

	<u>2024</u>	<u>2023</u>
Loans covered by Charter	\$ 617,653	\$ 681,734
Loans under participation agreement with Grow America	290,925	-
Loans covered by NUL investment	<u>29,558</u>	<u>39,141</u>
Total	938,136	720,875
Allowance	<u>(119,642)</u>	<u>(151,675)</u>
Total	<u><u>\$ 818,494</u></u>	<u><u>\$ 569,200</u></u>

NOTE 23 **SUBSEQUENT EVENTS**

The League evaluated its December 31, 2024, consolidated financial statements for subsequent events through June 30, 2025, 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, 2024

(With Comparative Totals for 2023)

	<u>NUL</u>	<u>ULEC</u>	<u>ULEC, Leverage</u>	<u>UEF</u>	<u>NUL Civic Engagement</u>	<u>Eliminations and Reclassifications</u>	<u>2024 Total</u>	<u>2023 Total</u>
ASSETS								
Cash, cash equivalents and restricted cash	\$ 41,499,198	\$ -	\$ -	\$ 3,240,774	\$ 50,423	\$ -	\$ 44,790,395	\$ 54,068,028
Restricted cash deposit held in escrow	-	712,367	541,683	-	-	-	1,254,050	24,770,589
Funds held in escrow by others	-	-	-	-	-	-	-	534,182
Prepaid expenses and other assets	1,035,094	-	-	17,250	-	-	1,052,344	1,150,652
Grants and pledges receivable, net - current	21,987,003	8,194,327	-	1,199,597	-	(171,619)	31,209,308	25,118,805
Grants and pledges receivable, net - non-current	1,710,294	2,180,000	-	-	-	-	3,890,294	6,725,259
Franchise fees receivable, net	29,625	-	-	-	-	-	29,625	61,000
Investments	110,998,318	-	-	-	-	(1,000,000)	109,998,318	128,814,284
Loan receivables - NMTC	-	-	13,031,450	-	-	-	13,031,450	13,031,450
Loan receivables	-	-	-	818,494	-	-	818,494	569,200
Other assets	-	-	-	1,613,256	-	-	1,613,256	1,911,232
Operating lease right-of-use assets	366,001	7,341,201	-	-	-	-	7,707,202	9,843,684
Due from (to)	22,388,194	(22,388,194)	-	-	-	-	-	-
Property and equipment, net of accumulated depreciation/amortization	7,987,450	76,493,034	-	-	-	-	84,480,484	55,951,367
Total assets	<u>\$ 208,001,177</u>	<u>\$ 72,532,735</u>	<u>\$ 13,573,133</u>	<u>\$ 6,889,371</u>	<u>\$ 50,423</u>	<u>\$ (1,171,619)</u>	<u>\$ 299,875,220</u>	<u>\$ 322,549,732</u>

NATIONAL URBAN LEAGUE, INC.

 Consolidating Schedule of Financial Position (*continued*)

As of December 31, 2024

(With Comparative Totals for 2023)

	NUL	ULEC	ULEC, Leverage	UEF	NUL Civic Engagement	Eliminations and Reclassifications	2024 Total	2023 Total
LIABILITIES AND NET ASSETS								
<i>Liabilities</i>								
Accounts payable and accrued expenses	\$ 8,371,527	\$ 3,087,778	\$ 12,450	\$ 214,295	\$ 1,871	\$ (171,619)	\$ 11,516,302	\$ 11,462,552
Accrued payroll and vacation benefits	494,082	-	-	11,311	-	-	505,393	943,531
Accrued defined contribution costs	718,150	-	-	6,971	-	-	725,121	739,593
Contract advances and other deposits	85,526	-	-	-	-	-	85,526	281,773
Loan payable - other	-	-	-	2,580,000	-	(1,000,000)	1,580,000	1,000,000
Finance lease payable	161,460	-	-	-	-	-	161,460	-
Bonds payable (net of debt issuance costs of \$96,138 in 2024 and \$101,895 in 2023)	3,242,825	-	-	-	-	-	3,242,825	25,875,362
Loan payable-NMTC (net of debt issuance costs of \$1,507,107 in 2024 and \$1,634,529 in 2023)	-	16,642,893	-	-	-	-	16,642,893	16,515,471
Loan payable-bank (net of debt issuance costs of \$26,776 in 2024 and \$33,930 in 2023)	3,901,177	10,567,522	-	-	-	-	14,468,699	4,892,051
Interest rate swap liability	265,643	-	-	-	-	-	265,643	426,570
Operating lease liability	468,223	-	-	-	-	-	468,223	2,749,586
Interest payable	-	-	-	54,525	-	-	54,525	45,734
Total liabilities	17,708,613	30,298,193	12,450	2,867,102	1,871	(1,171,619)	49,716,610	64,932,223
<i>Net assets</i>								
<i>Without Donor Restrictions</i>								
Undesignated	63,248,881	-	-	-	-	-	63,248,881	58,344,288
Urban Empowerment Fund	-	-	-	4,022,269	48,552	(4,070,821)	-	-
Total unrestricted net assets	63,248,881	-	-	4,022,269	48,552	(4,070,821)	63,248,881	58,344,288
<i>With Donor Restrictions</i>								
	127,043,683	42,234,542	13,560,683	-	-	4,070,821	186,909,729	199,273,221
Total net assets	190,292,564	42,234,542	13,560,683	4,022,269	48,552	-	250,158,610	257,617,509
Total liabilities and net assets	\$ 208,001,177	\$ 72,532,735	\$ 13,573,133	\$ 6,889,371	\$ 50,423	\$ (1,171,619)	\$ 299,875,220	\$ 322,549,732

NATIONAL URBAN LEAGUE, INC.
Consolidating Schedule of Activities
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)

	NUL	ULEC	ULEC, Leverage	UEF	NUL Civic Engagement	Eliminations	2024 Total	2023 Total
OPERATING ACTIVITIES								
<i>Revenue, gains, and other support</i>								
Government grants and contracts	\$ 29,526,435	\$ 6,433,091	\$ -	\$ 216,285	\$ -	\$ (216,285)	\$ 35,959,526	\$ 33,476,006
Contributions of nonfinancial assets	4,592,310	-	-	-	-	-	4,592,310	4,094,508
Contributions	36,725,066	5,027,665	-	2,090,000	50,000	-	43,892,731	35,643,160
Contribution (Transfer)	-	(13,031,450)	13,031,450	-	-	-	-	-
Legacies and bequests	366,178	-	-	-	-	-	366,178	83,822
Special events	2,065,080	-	-	-	-	-	2,065,080	2,160,600
Program service fees	7,703,130	-	-	-	-	-	7,703,130	7,293,644
Franchise fees	221,500	-	-	-	-	-	221,500	208,500
Net investment return designated for current operations	1,967,202	-	-	-	-	-	1,967,202	1,776,237
Sale of publications	29,938	-	-	-	-	-	29,938	18,677
Interest income	-	-	-	124,261	-	-	124,261	119,475
Other	987,672	679,447	155,337	33,863	423	(40,000)	1,816,742	1,048,216
Board-designated funds	(500,000)	-	-	-	-	-	(500,000)	(1,000,000)
Use of Board-designated funds	3,148,851	-	-	-	-	-	3,148,851	1,641,795
Total revenue, gains, and other support	<u>86,833,362</u>	<u>(891,247)</u>	<u>13,186,787</u>	<u>2,464,409</u>	<u>50,423</u>	<u>(256,285)</u>	<u>101,387,449</u>	<u>86,564,640</u>
<i>Operating expenses</i>								
<i>Program services</i>								
Economic empowerment	59,362,484	-	-	-	-	(216,285)	59,146,199	54,858,137
Education and youth empowerment	7,806,953	-	-	-	-	-	7,806,953	7,231,214
Civic engagement and leadership empowerment	19,556,896	-	-	-	-	-	19,556,896	13,427,412
Technical assistance to affiliates	3,076,190	-	-	-	-	-	3,076,190	2,783,656
Health and quality of life empowerment	5,052,453	-	-	-	-	-	5,052,453	8,800,467
Civil rights and racial justice empowerment	577,265	-	-	-	-	-	577,265	524,833
Urban empowerment	-	-	-	710,078	-	(40,000)	670,078	562,968
NUL Civic Engagement	-	-	-	-	1,871	-	1,871	-
Total program services	<u>95,432,241</u>	<u>-</u>	<u>-</u>	<u>710,078</u>	<u>1,871</u>	<u>(256,285)</u>	<u>95,887,905</u>	<u>88,188,687</u>
<i>Supporting services</i>								
Management and general	10,769,757	-	-	-	-	-	10,769,757	11,090,868
Fundraising	5,377,425	1,918,189	3,624	-	-	-	7,299,238	6,623,725
Total expenses	<u>111,579,423</u>	<u>1,918,189</u>	<u>3,624</u>	<u>710,078</u>	<u>1,871</u>	<u>(256,285)</u>	<u>113,956,900</u>	<u>105,903,280</u>
Changes in net assets from operations	<u>(24,746,061)</u>	<u>(2,809,436)</u>	<u>13,183,163</u>	<u>1,754,331</u>	<u>48,552</u>	<u>-</u>	<u>(12,569,451)</u>	<u>(19,338,640)</u>

NATIONAL URBAN LEAGUE, INC.

 Consolidating Schedule of Activities *(continued)*

For the Year Ended December 31, 2024

(With Comparative Totals for the Year Ended December 31, 2023)

	<u>NUL</u>	<u>ULEC</u>	<u>ULEC, Leverage</u>	<u>UEF</u>	<u>NUL Civic Engagement</u>	<u>Eliminations</u>	<u>2024 Total</u>	<u>2023 Total</u>
NON-OPERATING ACTIVITIES								
Add: Board-designated contributions	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 1,000,000
Less: Used funds from Board designated	(3,148,851)	-	-	-	-	-	(3,148,851)	(1,641,795)
Net investment return net of amount designated for current operations	7,598,476	-	-	-	-	-	7,598,476	9,259,161
Gain in fair value of interest rate swap obligation	160,927	-	-	-	-	-	160,927	196,816
Pension-related changes other than net periodic pension costs	-	-	-	-	-	-	-	(1,780,830)
Total non-operating activities	<u>5,110,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,110,552</u>	<u>7,033,352</u>
Changes in net assets	(19,635,509)	(2,809,436)	13,183,163	1,754,331	48,552	-	(7,458,899)	(12,305,288)
Net assets, beginning of year	<u>209,928,073</u>	<u>45,043,978</u>	<u>377,520</u>	<u>2,267,938</u>	<u>-</u>	<u>-</u>	<u>257,617,509</u>	<u>269,922,797</u>
Net assets, end of year	<u>\$ 190,292,564</u>	<u>\$ 42,234,542</u>	<u>\$ 13,560,683</u>	<u>\$ 4,022,269</u>	<u>\$ 48,552</u>	<u>\$ -</u>	<u>\$ 250,158,610</u>	<u>\$ 257,617,509</u>

NATIONAL URBAN LEAGUE, INC.
Consolidating Schedule of Activities
Including ULEC, LLC and ULEC Leverage
For the Year Ended December 31, 2024
(With Comparative Totals for the Year Ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
OPERATING ACTIVITIES					
<i>Revenue, gains, and other support</i>					
Government grants and contracts	\$ 29,526,435	\$ 6,433,091	\$ -	\$ 35,959,526	\$ 33,351,006
Contributions of nonfinancial assets	4,592,310	-	-	4,592,310	4,094,508
Contributions	11,093,705	30,659,026	-	41,752,731	35,333,851
Less: Board-designated contributions	-	-	-	-	-
Legacies and bequests	366,178	-	-	366,178	83,822
Special events	2,065,080	-	-	2,065,080	2,160,600
Federated fundraising agencies	-	-	-	-	-
Program service fees	7,703,130	-	-	7,703,130	7,293,644
Franchise fees	221,500	-	-	221,500	208,500
Investment return designated for current operations	1,967,202	-	-	1,967,202	1,776,237
Sale of publications	29,938	-	-	29,938	18,677
Other	1,822,456	-	-	1,822,456	1,039,032
<i>Net assets released from restrictions</i>					
Board-designated contributions	(500,000)	-	-	(500,000)	(1,000,000)
Use of Board-designated funds	3,148,851	-	-	3,148,851	1,641,795
Satisfaction of restrictions	52,253,480	(52,253,480)	-	-	-
Total revenue, gains, and other support	114,290,265	(15,161,363)	-	99,128,902	86,001,672
OPERATING EXPENSES					
<i>Program services</i>					
Economic empowerment	59,362,484	-	-	59,362,484	54,858,137
Education and youth empowerment	7,806,953	-	-	7,806,953	7,231,214
Civic engagement and leadership empowerment	19,556,896	-	-	19,556,896	13,427,412
Technical assistance to affiliates	3,076,190	-	-	3,076,190	2,783,656
Health and quality of life empowerment	5,052,453	-	-	5,052,453	8,800,467
Civil rights and racial justice empowerment	577,265	-	-	577,265	524,833
Total program services	95,432,241	-	-	95,432,241	87,625,719
SUPPORTING SERVICES					
Management and general	10,769,757	-	-	10,769,757	11,090,868
Fundraising	7,299,238	-	-	7,299,238	6,623,725
Total expenses	113,501,236	-	-	113,501,236	105,340,312
Changes in net assets from operations	789,029	(15,161,363)	-	(14,372,334)	(19,338,640)
NON-OPERATING ACTIVITIES					
Board-designated contributions	500,000	-	-	500,000	1,000,000
Less: Used funds from Board designated	(3,148,851)	-	-	(3,148,851)	(1,641,795)
Investment return net of amount designated for current operations	6,603,488	994,988	-	7,598,476	9,259,161
Gain in fair value of interest rate swap obligation	160,927	-	-	160,927	196,816
Pension-related changes other than net periodic pension costs	-	-	-	-	(1,780,830)
Total non-operating activities	4,115,564	994,988	-	5,110,552	7,033,352
Changes in net assets	4,904,593	(14,166,375)	-	(9,261,782)	(12,305,288)
Net assets, beginning of year	58,344,288	197,005,283	-	255,349,571	267,654,859
Net assets, end of year	\$ 63,248,881	\$ 182,838,908	\$ -	\$ 246,087,789	\$ 255,349,571

NATIONAL URBAN LEAGUE, INC.
Schedule of Activities – Urban Empowerment Fund
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	2024 Total
OPERATING ACTIVITIES				
<i>Revenue, gains, and other support</i>				
Contributions	\$ 332,778	\$ 1,757,222	\$ -	\$ 2,090,000
Government grants and contracts	216,285	-	-	216,285
Interest income	124,261	-	-	124,261
Other	33,863	-	-	33,863
<i>Net assets released from restrictions</i>				
Satisfaction of restrictions	-	-	-	-
Total revenue, gains, and other support	<u>707,187</u>	<u>1,757,222</u>	<u>-</u>	<u>2,464,409</u>
OPERATING EXPENSES				
<i>Program services</i>				
Urban empowerment	<u>710,078</u>	<u>-</u>	<u>-</u>	<u>710,078</u>
Total program services	<u>710,078</u>	<u>-</u>	<u>-</u>	<u>710,078</u>
SUPPORTING SERVICES				
Management and general	-	-	-	-
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>710,078</u>	<u>-</u>	<u>-</u>	<u>710,078</u>
Changes in net assets from operations	<u>(2,891)</u>	<u>1,757,222</u>	<u>-</u>	<u>1,754,331</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	<u>(2,891)</u>	<u>1,757,222</u>	<u>-</u>	<u>1,754,331</u>
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>\$ 2,265,047</u>	<u>\$ 1,757,222</u>	<u>\$ -</u>	<u>\$ 4,022,269</u>

NATIONAL URBAN LEAGUE, INC.
Schedule of Activities – NUL Civic Engagement
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	With Donor Restrictions	2024 Total
OPERATING ACTIVITIES				
<i>Revenue, gains, and other support</i>				
Contributions	\$ 50,000	\$ -	\$ -	\$ 50,000
Other	423	-	-	423
<i>Net assets released from restrictions</i>				
Satisfaction of restrictions	-	-	-	-
Total revenue, gains, and other support	<u>50,423</u>	<u>-</u>	<u>-</u>	<u>50,423</u>
OPERATING EXPENSES				
<i>Program services</i>				
NUL Civic Engagement	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>1,871</u>
Total program services	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>1,871</u>
SUPPORTING SERVICES				
Management and general	-	-	-	-
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>1,871</u>	<u>-</u>	<u>-</u>	<u>1,871</u>
Changes in net assets from operations	<u>48,552</u>	<u>-</u>	<u>-</u>	<u>48,552</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	<u>48,552</u>	<u>-</u>	<u>-</u>	<u>48,552</u>
Net assets, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 48,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,552</u>

