

YOUNG BLACK LEADERSHIP ALLIANCE

FINANCIAL STATEMENTS
JUNE 30, 2020

Young Black Leadership Alliance

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Young Black Leadership Alliance
Charlotte, North Carolina

We have audited the accompanying financial statements of Young Black Leadership Alliance (the "Organization" - a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Young Black Leadership Alliance, as of June 30, 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and our report dated July 1, 2020, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Foard & Company, P.A.
March 17, 2021

Young Black Leadership Alliance
Statement of Financial Position
June 30, 2020, with prior year comparative totals

	June 30,	
	2020	2019
<u>ASSETS</u>		
Cash	\$ 381,632	\$ 296,274
Grants receivable	33,607	14,500
Unconditional promises to give - facilities use	37,500	-
Prepaid expenses	4,444	3,845
<i>TOTAL ASSETS</i>	<i>\$ 457,183</i>	<i>\$ 314,619</i>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 2,478	\$ 2,500
Deferred revenue	2,042	-
Payroll liabilities	6,352	7,272
Refundable advance	89,232	-
Total Liabilities	100,104	9,772
Net Assets:		
Without donor restrictions	197,393	90,959
With donor restrictions	159,686	213,888
Total Net Assets	357,079	304,847
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<i>\$ 457,183</i>	<i>\$ 314,619</i>

Young Black Leadership Alliance

Statement of Activities

Year Ended June 30, 2020, with prior year comparative totals

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>TOTALS</u>	<u>Prior Year Comparative Totals</u>
<u>SUPPORT AND REVENUE</u>				
Contributions	\$ 648,495	\$ -	\$ 648,495	\$ 594,643
Grants	137,001	27,500	164,501	168,000
Member dues	220,108	-	220,108	249,613
In-kind contributions	12,500	37,500	50,000	-
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	107,702	(107,702)	-	-
Satisfaction of time restrictions	11,500	(11,500)	-	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>1,137,306</i>	<i>(54,202)</i>	<i>1,083,104</i>	<i>1,012,256</i>
<u>EXPENSES</u>				
Salaries and benefits	669,842	-	669,842	603,291
Events	39,775	-	39,775	58,692
Supplies	15,270	-	15,270	20,184
Operations	78,494	-	78,494	97,169
Conference	4,300	-	4,300	26,474
Occupancy	80,468	-	80,468	71,917
Scholarships and contributions	8,352	-	8,352	18,363
Mission expense	99,537	-	99,537	61,549
Website	6,003	-	6,003	8,987
Professional fees	19,209	-	19,209	15,760
Advertising and marketing	9,622	-	9,622	10,320
<i>TOTAL EXPENSES</i>	<i>1,030,872</i>	<i>-</i>	<i>1,030,872</i>	<i>992,706</i>
<i>CHANGE IN NET ASSETS</i>	<i>106,434</i>	<i>(54,202)</i>	<i>52,232</i>	<i>19,550</i>
<i>NET ASSETS, BEGINNING</i>	<i>90,959</i>	<i>213,888</i>	<i>304,847</i>	<i>285,297</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 197,393</i>	<i>\$ 159,686</i>	<i>\$ 357,079</i>	<i>\$ 304,847</i>

Young Black Leadership Alliance**Statement of Cash Flows****Year Ended June 30, 2020, with prior year comparative totals**

	Year Ended June 30,	
	2020	2019
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 52,232	\$ 19,550
Adjustments to reconcile change in net assets to cash flows from operating activities:		
(Increase) decrease in operating assets:		
Grants receivable	(19,107)	38,500
Unconditional promises to give - facilities use	(37,500)	-
Prepaid expenses	(599)	(1,559)
Increase (decrease) in operating liabilities:		
Accounts payable	(22)	2,500
Deferred revenue	2,042	-
Payroll liabilities	(920)	(10,731)
Refundable advance	89,232	-
Cash Flows from Operating Activities	85,358	48,260
<i>CHANGE IN CASH</i>	85,358	48,260
<i>CASH, BEGINNING</i>	296,274	248,014
<i>CASH, ENDING</i>	\$ 381,632	\$ 296,274

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2020

NOTE 1 - NATURE OF ORGANIZATION AND ACTIVITIES

Young Black Leadership Alliance (the Organization) was incorporated under the laws of North Carolina on July 8, 2008. The purpose of the Organization is to develop young black leaders to have a positive impact in their community and beyond with a focus on helping our young people become leaders that are college and career ready. The Organizations' support consists primarily of grants, contributions, and member fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to following classes of net assets:

Net assets without donor restrictions – Net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in property. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization.

Net assets with donor restrictions – Net assets with donor restrictions consist of temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same reporting period as received are reported as net assets without donor restrictions. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. At June 30, 2020, the Organization had no permanently restricted net assets.

Grants receivable

Grants receivable is presented at net realizable value. No discount for present value has been computed as all grants are expected to be collected during the following fiscal year. Management's assessment of the collectability of receivables and determination of the allowance for doubtful accounts is based on review of individual accounts, historical experience and current economic conditions. At June 30 2020, no allowance was considered necessary.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2020

Donated Services and Goods

Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded donated office space of \$50,000.

In addition, the Organization receives a substantial amount of donated services from unpaid volunteers in carrying out its program activities. No amounts have been reflected in the financial statements for these services since they do not meet the criteria for recognition under GAAP.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Accordingly, actual results could differ from those estimates.

Income Tax Status

The Organization is a nonprofit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give the free or below market rate use of facilities that will be received in one year are measured at net realizable value. No increases in market rate are anticipated in these calculations due to current economic conditions and the indicated economic recovery for Mecklenburg county of North Carolina. Unconditional promises to give free or below market rate use of facilities are receivable within one year with a fair market value of \$37,500.

NOTE 4 – REFUNDABLE ADVANCE

The Organization obtained a refundable advance for \$89,232 as part of the Paycheck Protection Program (“PPP”) to mitigate the effects of the COVID-19 pandemic. The advance is eligible to be forgiven if utilized for allowable expenses as defined by PPP guidelines. Management expects this advance will be forgiven in full in the subsequent year.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2020

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Temporarily restricted net assets at year-end are as follows:

Time-restricted

United Way	\$	3,000
Unconditional promises to give – facility use		37,500

Program restricted

Student-athlete leadership program		13,889
Ambassador program		21,643
Various programming		50,000
ACE program		3,654
Scholarships		5,000
Computer hardware		25,000
	\$	<u>159,686</u>

NOTE 6 - LEASE COMMITMENTS

The Organization leases office space and equipment under non-cancelable operating leases. During the year the Organization made payments of \$56,982 related to these leases. Future minimum rental payments due under operating leases at year-end are as follows:

Year ending June 30,		
2021	\$	25,318
2022		<u>1,400</u>
Total lease payments	\$	<u>26,718</u>

NOTE 7 - FUNCTIONAL EXPENSES

The Organization's activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Supporting services are fundraising activities and general and administrative activities. Personnel expenses are allocated based on management's estimates of time and effort. All other expenses are allocated on an analysis of the various expenses that comprise those costs.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2020

	TOTAL	Program	Management and General	Fundraising
Salaries and Benefits	\$ 672,133	\$ 481,523	\$ 117,850	\$ 72,760
Events	39,775	39,775	-	-
Supplies	15,270	15,270	-	-
Operations	78,494	35,657	35,359	7,478
Conferences	4,300	4,300	-	-
Occupancy	80,468	54,300	26,168	-
Scholarships and contribution	8,352	8,352	-	-
Missions	99,537	99,537	-	-
Website	6,003	1,972	-	4,031
Professional fees	19,209	-	19,209	-
Advertising and marketing	9,623	-	9,623	-
TOTAL	\$ 1,033,164	\$ 740,686	\$ 208,209	\$ 84,269

NOTE 8 - BUSINESS RISKS AND CREDIT CONCENTRATIONS

Geographic Area

The Organization also operates in a small geographic area and is therefore sensitive to changes in the local economy.

Support

During the year ended June 30, 2020, the Organization received approximately 39% of its total contributions from five individuals. This represents a substantial concentration of risk that operations could be affected if one or more of these major donors reduced or discontinued giving.

Cash in Excess of Insured Limits

The Organization occasionally maintains cash balances in excess of insured limits. At June 30, 2020, the uninsured balance of cash was \$12,217. However, management believes that the risk related to the accounts is minimal because of the creditworthiness of the financial institutions.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$415,239 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$381,632 and grants receivable of 33,607 which are expected to be collected within one year of the balance sheet date. Of this amount of financial assets available, \$107,702 is purpose restricted, making these funds unavailable for general expenditures. The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating and program expenses, approximately \$260,000. The Organization has a policy to

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Notes to Financial Statements

June 30, 2020

structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 – UNCERTAINTY

The COVID-19 pandemic has resulted in major changes to the economy. At this point, the full impact of this pandemic on the Organization is unknown, but management believes operations and fundraising could be affected.

NOTE 11 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. Subsequent to year-end, the Organization received a two-year commitment from a local nonprofit to modernize organizational technology and migrate to Microsoft 365 cloud technology. The Organization has valued this commitment at \$200,000.