

YOUNG BLACK LEADERSHIP ALLIANCE

FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, 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, 2021 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 2020 financial statements, and our report dated March 17, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

C. Dewitt Foard & Company, P.A.
March 23, 2022

Young Black Leadership Alliance
Statement of Financial Position
June 30, 2021, with prior year comparative totals

	June 30,	
	2021	2020
<u>ASSETS</u>		
Cash	\$ 709,899	\$ 381,632
Grants receivable	313,391	333,607
Unconditional promises to give - facilities use	25,000	37,500
Prepaid expenses	5,325	4,444
<i>TOTAL ASSETS</i>	<i>\$ 1,053,615</i>	<i>\$ 757,183</i>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 1,592	\$ 2,478
Deferred revenue	-	2,042
Payroll liabilities	22,239	6,352
Refundable advance	-	89,232
Total Liabilities	23,831	100,104
Net Assets:		
Without donor restrictions	632,434	197,393
With donor restrictions	397,350	459,686
Total Net Assets	1,029,784	657,079
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<i>\$ 1,053,615</i>	<i>\$ 757,183</i>

Young Black Leadership Alliance

Statement of Activities

Year Ended June 30, 2021, 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	\$ 423,651	\$ -	\$ 423,651	\$ 548,495
Grants	394,232	298,000	692,232	164,501
Member dues	173,774	-	173,774	220,108
In-kind contributions	91,553	25,000	116,553	50,000
Other	1,900	-	1,900	-
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	194,836	(194,836)	-	-
Satisfaction of time restrictions	190,500	(190,500)	-	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>1,470,446</i>	<i>(62,336)</i>	<i>1,408,110</i>	<i>983,104</i>
<u>EXPENSES</u>				
Salaries and benefits	625,380	-	625,380	669,842
Events	32,569	-	32,569	39,775
Supplies	31,101	-	31,101	15,270
Operations	120,423	-	120,423	78,494
Conference	172	-	172	4,300
Occupancy	84,889	-	84,889	80,468
Scholarships and contributions	86,246	-	86,246	8,352
Mission expense	26,020	-	26,020	99,537
Website	12,945	-	12,945	6,003
Professional fees	14,540	-	14,540	19,209
Advertising and marketing	1,120	-	1,120	9,622
<i>TOTAL EXPENSES</i>	<i>1,035,405</i>	<i>-</i>	<i>1,035,405</i>	<i>1,030,872</i>
<i>CHANGE IN NET ASSETS</i>	<i>435,041</i>	<i>(62,336)</i>	<i>372,705</i>	<i>(47,768)</i>
<i>NET ASSETS, BEGINNING</i>	<i>197,393</i>	<i>459,686</i>	<i>657,079</i>	<i>704,847</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 632,434</i>	<i>\$ 397,350</i>	<i>\$ 1,029,784</i>	<i>\$ 657,079</i>

Young Black Leadership Alliance**Statement of Cash Flows****Year Ended June 30, 2021, with prior year comparative totals**

	Year Ended June 30,	
	2021	2020
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 372,705	\$ (47,768)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
(Increase) decrease in operating assets:		
Grants receivable	20,216	80,893
Unconditional promises to give - facilities use	12,500	(37,500)
Prepaid expenses	(881)	(599)
Increase (decrease) in operating liabilities:		
Accounts payable	(886)	(22)
Deferred revenue	(2,042)	2,042
Payroll liabilities	15,887	(920)
Refundable advance	(89,232)	89,232
Cash Flows from Operating Activities	<u>328,267</u>	<u>85,358</u>
<i>CHANGE IN CASH</i>	<i>328,267</i>	<i>85,358</i>
<i>CASH, BEGINNING</i>	<i>381,632</i>	<i>296,274</i>
<i>CASH, ENDING</i>	<i>\$ 709,899</i>	<i>\$ 381,632</i>

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2021

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 may be temporary in nature, which are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time, or perpetual in nature, such that the net assets must be held in perpetuity by the Organization. At June 30, 2021, the Organization had no net assets required to be held in perpetuity.

Grants and Contributions

The Organization reports gifts of cash and other assets as restricted support 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 the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period as received are reported as net assets without donor restrictions.

Program Fees

Program fees are recorded when they are charged to participants. Management assesses the collectability of amounts receivable from participants, and balances that are not considered collectible are written off against bad debt expense.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2021

Grants Receivable

Grants receivable is presented at net realizable value. Grants totaling \$213,391 are expected to be collected during the year-ended June 30, 2022 and \$100,000 is expected to be collected during the year-ended June 30, 2023. No discount for present value has been computed as it would be immaterial to the financial statements. 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 2021, no allowance was considered necessary.

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 \$62,500, donated goods of \$7,000 and donated services of \$59,553.

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.

Prior-year Comparative Totals

The financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's June 30, 2020 financial statements, from which the summarized information was derived. Certain prior-year amounts have been reclassified to conform to current year presentation and the prior period adjustment described below.

Prior Period Adjustment

Management has determined that a grant receivable was not properly recorded when the Organization converted to generally accepted accounting principles in the year ending June 30, 2019. This adjustment increased beginning net assets for the year-ended June 30, 2020 by \$400,000 and reduced grant income for the year-ended June 30, 2020 by \$100,000.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2021

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 \$25,000.

NOTE 4 – REFUNDABLE ADVANCE

In the prior year, 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 was formally forgiven during the year and is included in grant income in the accompanying financial statements.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at year-end are as follows:

Time-restricted

United Way	\$ 50,000
Multi-year award – general operations	200,000
Unconditional promises to give – facility use	25,000

Program restricted

Vehicles	45,000
College and Career Readiness Program	25,229
Career Development Program	35,971
Scholarships	16,150
	<u>\$ 397,350</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 \$22,014 related to these leases. Future minimum rental payments due under operating leases at year-end is \$1,400 for the year ended June 30, 2022.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2021

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.

	TOTAL	Program	Management and General	Fundraising
Salaries and Benefits	\$ 625,380	\$ 527,751	\$ 85,933	11,696
Events	32,569	32,569	-	-
Supplies	31,101	31,101	-	-
Operations	120,423	29,829	90,221	373
Conferences	172	172	-	-
Occupancy	84,889	20,750	64,139	-
Scholarships and contribution	86,246	86,246	-	-
Missions	26,020	26,020	-	-
Website	12,945	2,290	-	10,655
Professional fees	14,540	-	14,540	-
Advertising and marketing	1,120	-	-	1,120
TOTAL	\$ 1,035,405	\$ 756,728	\$ 254,833	\$ 23,844

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, 2021, the Organization received approximately 35% of its total contributions from three entities. 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, 2021, the uninsured balance of cash was \$457,472. However, management believes that the risk related to the accounts is minimal because of the creditworthiness of the financial institutions.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2021

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$923,290 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$709,899 and grants receivable of \$213,391 which are expected to be collected within one year of the balance sheet date. Of this amount of financial assets available, \$147,350 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 \$250,000. The Organization has a policy to 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. During this period, no material recognizable subsequent events were identified.