

Young Black Leadership Alliance

Financial Statements

June 30, 2023

Young Black Leadership Alliance

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Young Black Leadership Alliance (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Black Leadership Alliance as of June 30, 2023, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Young Black Leadership Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Black Leadership Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

Young Black Leadership Alliance
Charlotte, North Carolina

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 purposes of expressing an opinion on the effectiveness of Young Black Leadership Alliance'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Young Black Leadership Alliance'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

March 21, 2024

Young Black Leadership Alliance
Statement of Financial Position
June 30, 2023, with prior year comparative totals

	June 30,	
	2023	2022
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 753,127	\$ 1,137,971
Grants receivable	191,693	186,640
Unconditional promises to give - facilities use	25,000	25,000
Prepaid expenses	72,436	61,260
Total Current Assets	1,042,256	1,410,871
Other Assets:		
Grants receivable, net current portion	54,140	108,280
Property and equipment, net	45,838	-
Website, net	4,471	4,805
Total Other Assets	104,449	113,085
<i>TOTAL ASSETS</i>	<i>\$ 1,146,705</i>	<i>\$ 1,523,956</i>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 33,789	\$ 42,715
Payroll liabilities	48,034	31,931
Total Liabilities	81,823	74,646
Net Assets:		
Without donor restrictions	795,524	1,012,086
With donor restrictions	269,358	437,224
Total Net Assets	1,064,882	1,449,310
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<i>\$ 1,146,705</i>	<i>\$ 1,523,956</i>

Young Black Leadership Alliance

Statement of Activities

Year Ended June 30, 2023, 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	\$ 485,722	\$ -	\$ 485,722	\$ 492,167
Grants	460,384	175,000	635,384	761,854
Member dues and programs	401,069	-	401,069	417,623
In-kind contributions	77,020	50,000	127,020	127,020
Other	-	-	-	73
Net Assets Released from Restrictions:				
Satisfaction of program restrictions	156,226	(156,226)	-	-
Satisfaction of time restrictions	236,640	(236,640)	-	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>1,817,061</i>	<i>(167,866)</i>	<i>1,649,195</i>	<i>1,798,737</i>
<u>EXPENSES</u>				
Salaries and wages	706,267	-	706,267	623,139
Payroll taxes	54,457	-	54,457	44,769
Benefits	21,688	-	21,688	25,334
Mission trip expense	375,446	-	375,446	67,376
Travel	145,930	-	145,930	106,818
Scholarships	79,200	-	79,200	66,446
Occupancy	50,000	-	50,000	54,485
Contract services	183,213	-	183,213	119,832
Professional services	97,460	-	97,460	30,905
Operations	180,674	-	180,674	148,725
Dues and subscriptions	23,646	-	23,646	17,308
Fees	11,523	-	11,523	10,657
Insurance	8,953	-	8,953	7,109
Events	29,897	-	29,897	41,483
Advertising and marketing	7,934	-	7,934	298
Meals and entertainment	46,725	-	46,725	10,588
Website	7,040	-	7,040	2,294
Depreciation and amortization	2,746	-	2,746	194
Utilities	824	-	824	1,451
<i>TOTAL EXPENSES</i>	<i>2,033,623</i>	<i>-</i>	<i>2,033,623</i>	<i>1,379,211</i>
<i>CHANGE IN NET ASSETS</i>	<i>(216,562)</i>	<i>(167,866)</i>	<i>(384,428)</i>	<i>419,526</i>
<i>NET ASSETS, BEGINNING</i>	<i>1,012,086</i>	<i>437,224</i>	<i>1,449,310</i>	<i>1,029,784</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 795,524</i>	<i>\$ 269,358</i>	<i>\$ 1,064,882</i>	<i>\$ 1,449,310</i>

Young Black Leadership Alliance

Statement of Cash Flows

Year Ended June 30, 2023, with prior year comparative totals

	Year Ended June 30,	
	2023	2022
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ (384,428)	\$ 419,526
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	2,412	-
Amortization	334	194
(Increase) decrease in operating assets:		
Grants receivable	49,087	18,471
Prepaid expenses	(11,176)	(55,935)
Increase (decrease) in operating liabilities:		
Accounts payable	(8,926)	41,123
Payroll liabilities	16,103	9,692
<i>Cash Flows from Operating Activities</i>	<i>(336,594)</i>	<i>433,071</i>
<u>INVESTING ACTIVITIES</u>		
Purchase of intangible assets	-	(4,999)
Purchase of property and equipment	(48,250)	-
<i>Cash Flows from Investing Activities</i>	<i>(48,250)</i>	<i>(4,999)</i>
<i>CHANGE IN CASH</i>	<i>(384,844)</i>	<i>428,072</i>
<i>CASH, BEGINNING</i>	<i>1,137,971</i>	<i>709,899</i>
<i>CASH, ENDING</i>	<i>\$ 753,127</i>	<i>\$ 1,137,971</i>

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2023

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 Organization’s support consists primarily of grants, contributions, and member dues and fees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The accompanying 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 the 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. All contributions received are considered available for unrestricted use unless specifically restricted by the donor, board, or subject to other legal restrictions.

Net assets with donor restrictions – These amounts consist of net assets with restrictions that are temporary in nature, which are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization or the passage of time. This category also includes net assets which are perpetual in nature, such that the net assets must be held in perpetuity by the Organization. At June 30, 2023, 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 stipulations 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, 2023

Grants Receivable

Grants receivable total \$245,833 at June 30, 2023 and are presented at net realizable value. Grants totaling \$191,693 are expected to be collected during the year-ended June 30, 2024, and \$54,140 is expected to be collected in the year-ended June 30, 2025. 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 a review of individual accounts, historical experience, and current economic conditions. At June 30, 2023, no allowance was considered necessary.

Property and Equipment

Fixed assets are capitalized at cost if purchased or fair value if donated. Major repairs and improvements to existing assets that are expected to significantly extend the useful life of such assets are also capitalized. Repair costs not expected to significantly extend the asset's useful life are expensed in the year such costs are incurred. The Organization uses the straight-line method of depreciation over the estimated useful lives of the assets of five years.

Website

Website consists of the Organization's website domain name, which is recorded at cost. The asset is amortized on a straight-line basis over a fifteen-year period.

Leases

The Organization adopted ASU 2016-02, Leases (Topic 842) during the year. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either financing or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The Organization had no outstanding as of June 30, 2023.

Donated Services and Goods

Donated services and goods 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 and services, if significant, are included in support at fair value. During the year, the Organization recorded donated rent of \$50,000 and donated services of \$77,020.

Donated rent consisted of 2291 square feet of office space which is utilized by the Organization to pursue its mission and objectives. Donated services consisted of professional speakers, management, and training sessions. All donated services were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

In addition, the Organization received substantial amounts 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.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2023

Use of Estimates

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of support, revenue, and expenses during the reporting period. 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 in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's 2022 financial statements, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year's presentation.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at year-end:

Vehicles	\$ 48,250
Less accumulated depreciation	<u>2,412</u>
Property and Equipment, net	<u>\$ 45,838</u>

Depreciation expense totaled \$2,412 for the year ended June 30, 2023.

NOTE 4 – WEBSITE

Website consisted of the following at year-end:

Website	\$ 4,999
Less accumulated amortization	<u>528</u>
Website, net	<u>\$ 4,471</u>

Amortization expense totaled \$334 for the year ended June 30, 2023.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2023

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give of 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 for Mecklenburg County of North Carolina. Unconditional promises to give, of free or below-market rate use of facilities, are receivable within one year with a fair market value of \$25,000.

NOTE 6 - 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 wages	\$ 706,267	\$ 365,236	\$ 273,825	\$ 67,206
Payroll taxes	54,457	30,295	19,330	4,832
Benefits	21,688	1,460	16,977	3,251
Mission trip expense	375,446	375,446	-	-
Travel	145,930	118,152	22,300	5,478
Scholarships	79,200	79,200	-	-
Occupancy	50,000	-	50,000	-
Contracted services	183,213	100,244	82,969	-
Professional services	97,460	-	97,460	-
Operations	180,674	137,653	41,621	1,400
Dues and subscriptions	23,646	1,300	22,346	-
Fees	11,523	6,543	4,980	-
Insurance	8,953	-	8,953	-
Events	29,897	29,897	-	-
Advertising and marketing	7,934	-	-	7,934
Meals and entertainment	46,725	31,178	15,547	-
Website	7,040	-	7,040	-
Depreciation and amortization	2,746	-	2,746	-
Utilities	824	-	824	-
TOTAL	\$ 2,033,623	\$ 1,276,604	\$ 666,918	\$ 90,101

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2023

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

Time-restricted

Multi-year award – Ambassador Trips	\$ 108,280
Multi-year award – general operations	50,000
Unconditional promises to give – facility use	25,000

Program restricted

Leadership Inside Out Program	16,828
College Prep	30,500
Scholarships	38,750
Total	<u>\$ 269,358</u>

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, 2023, the Organization received approximately 21% of its total revenue (excluding in-kind) 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

Cash held in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization holds cash in excess of the insured limits covered by the FDIC; however, the Organization believes it is not exposed to any significant credit risk related to these accounts.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$944,820 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$753,127 and grants receivable of \$191,693, which are expected to be collected within one year of the balance sheet date. Of this amount of financial assets available \$86,708 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 \$500,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2023

NOTE 10 – RELATED PARTY TRANSACTION

During the year ended June 30, 2023, the Organization employed a direct relative of a Board Member to help conduct operational activities. This individual was paid \$7,106 for their services.

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.