

YOUNG BLACK LEADERSHIP ALLIANCE

FINANCIAL STATEMENTS
JUNE 30, 2019

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 – modified cash basis as of June 30, 2019, and the related statements of activities – modified cash basis and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 2 to the financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible 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.

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 assets, liabilities, and net assets of Young Black Leadership Alliance as of June 30, 2019 and its support, revenue, expenses and changes in net assets for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

C. Dewitt Foard & Company, P.A.

September 13, 2019

Young Black Leadership Alliance

Statement of Financial Position - Modified Cash Basis

June 30, 2019

ASSETS

Cash	\$	296,274
<i>TOTAL ASSETS</i>	\$	<i>296,274</i>

LIABILITIES AND NET ASSETS

Liabilities:

Payroll liabilities	\$	4,204
<i>Total Liabilities</i>		<i>4,204</i>

Net Assets:

Without donor restrictions		92,682
With donor restrictions		199,388
<i>Total Net Assets</i>		<i>292,070</i>

<i>TOTAL LIABILITIES AND NET ASSETS</i>	\$	<i>296,274</i>
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Young Black Leadership Alliance
Statement of Activities - Modified Cash Basis
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	TOTALS
<u>SUPPORT AND REVENUE</u>			
Contributions	\$ 530,740	\$ 63,903	\$ 594,643
Grants	129,500	77,000	206,500
Member fees	249,613	-	249,613
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	18,544	(18,544)	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>928,397</i>	<i>122,359</i>	<i>1,050,756</i>
<u>EXPENSES</u>			
Salaries and Benefits	608,181	-	608,181
Events	56,192	-	56,192
Supplies	20,184	-	20,184
Operations	97,169	-	97,169
Conference	26,474	-	26,474
Occupancy	71,917	-	71,917
Scholarships and contributions	18,363	-	18,363
Mission expense	61,549	-	61,549
Website	8,987	-	8,987
Professional fees	15,760	-	15,760
Advertising and marketing	10,320	-	10,320
<i>TOTAL EXPENSES</i>	<i>995,096</i>	<i>-</i>	<i>995,096</i>
<i>CHANGE IN NET ASSETS</i>	<i>(66,699)</i>	<i>122,359</i>	<i>55,660</i>
<i>NET ASSETS, BEGINNING</i>	<i>159,381</i>	<i>77,029</i>	<i>236,410</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 92,682</i>	<i>\$ 199,388</i>	<i>\$ 292,070</i>

Young Black Leadership Alliance
Statement of Cash Flows - Modified Cash Basis
Year Ended June 30, 2019

OPERATING ACTIVITIES

Change in net assets	\$	55,660
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Increase (decrease) in operating liabilities:		
Payroll liabilities		(7,400)
Cash Flows from Operating Activities		48,260
<i>CHANGE IN CASH</i>		48,260
<i>CASH, BEGINNING</i>		248,014
<i>CASH, ENDING</i>	\$	296,274

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2019

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

The financial statements have been prepared in accordance with the modified cash basis of accounting, which is a comprehensive basis other than U.S. generally accepted accounting principles.

Pursuant to the cash basis of accounting, revenue and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. In addition, all other amounts received are recorded as cash receipts and all other amounts expended are recorded as cash disbursements. No amounts have been reflected in the financial statements for services contributed to the Organization.

The Organization has adopted the following modifications to the cash basis of accounting:

- Payroll withholdings are shown as increases and decreases in a liability account rather than as receipts and disbursements.

The significant difference between the basis of accounting and reporting employed by the Organization and generally accepted accounting principles, in addition to the timing of the recognition of revenue and expenses, is as follows:

- No amounts have been reflected in the financial statements for services or property contributed to the Organization.

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to the following two 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 unrestricted support. Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. At June 30, 2019, the Organization had no permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting principles 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 - NET ASSETS

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

Unite Charlotte	\$	47,868
Student athlete leadership program		17,108
Ambassador program		20,630
Various programming		50,000
ACE program		44,880
Scholarships		5,000
South Africa mission trip		13,902
	\$	<u>199,388</u>

Young Black Leadership Alliance

Notes to Financial Statements

June 30, 2019

NOTE 4 - LEASE AND OTHER COMMITMENTS

The Organization leases office space and equipment under non-cancelable operating leases. During the year the Organization made payments of \$60,281 related to these leases. Future minimum rental payments due under operating leases at year-end are as follows:

Year ending June 30,	
2020	\$ 64,097
2021	25,318
2022	1,400
Total lease payments	<u>\$ 90,815</u>

NOTE 5 - 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, 2019, the Organization received approximately 50% 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, 2019, the uninsured balance of cash was \$34,653. However, management believes that the risk related to the accounts is minimal because of the credit worthiness of the financial institutions.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$296,274 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting entirely of cash. Of this amount, \$199,388 is purpose restricted which would make 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 \$207,562. 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, 2019

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	\$ 608,181	\$ 445,525	\$ 90,782	\$ 71,874
Events	56,192	30,028	-	26,164
Supplies	20,184	20,184	-	-
Operations	97,169	35,208	58,391	3,570
Conferences	26,474	26,474	-	-
Occupancy	71,917	55,142	16,775	-
Scholarships and contribution	18,363	18,363	-	-
Missions	61,549	61,549	-	-
Website	8,987	2,842	-	6,145
Professional fees	15,760	-	15,760	-
Advertising and marketing	10,320	-	10,320	-
TOTAL	\$ 995,096	\$ 695,315	\$ 192,028	\$ 107,753

NOTE 8 - 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. No material recognizable subsequent events have been identified.