

21ST CENTURY LEADERS, INC.

FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 and 2020

With

INDEPENDENT AUDITORS' REPORT

21ST CENTURY LEADERS, INC.
TABLE OF CONTENTS
SEPTEMBER 30, 2021 AND 2020

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expenses for year ended September 30, 2021	4
Statement of Functional Expenses for year ended September 30, 2020	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11

Reed, Quinn & McClure, LLC

CERTIFIED PUBLIC ACCOUNTANTS

2055 North Brown Road, Suite 150
Lawrenceville, Georgia 30043
(770) 449-9144 Fax (770) 449-9201

Larry N. Reed, CPA
Daniel T. McClure, CPA
Pauline E. Shannon, CPA
www.rqmcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
21st Century Leaders, Inc.

We have audited the accompanying financial statements of the 21st Century Leaders, Inc. (“the Organization”) which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 risk 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 above present fairly, in all material respects, the financial position of the Organization as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Reed, Quinn & McClure, LLC
Lawrenceville, Georgia
January 5, 2022

21ST CENTURY LEADERS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

ASSETS	2021	2020
Cash and cash equivalents	\$ 372,153	\$ 198,819
Grants and pledges receivable	93,702	90,465
Deposits and prepaid	6,358	6,358
Office furniture and equipment	9,387	9,387
Accumulated depreciation	(8,978)	(8,978)
Investments - Scholarship endowments	269,004	198,834
Total assets	<u>\$ 741,626</u>	<u>\$ 494,885</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 25,115	\$ 2,087
Payroll Protection Program loan	-	54,000
Deferred income	17,972	-
	<u>43,087</u>	<u>56,087</u>
NET ASSETS		
Without restriction	363,746	172,232
With restriction		
Donor restriction	65,789	67,732
Endowment	269,004	198,834
Total with restriction	<u>334,793</u>	<u>266,566</u>
Total net assets	<u>698,539</u>	<u>438,798</u>
Total liabilities and net assets	<u>\$ 741,626</u>	<u>\$ 494,885</u>

The accompanying notes are an integral part of these financial statements.

21ST CENTURY LEADERS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020		
	Without Restriction	With Restriction	Total	Without Restriction	With Restriction	Total
REVENUE AND SUPPORT						
Contributions	\$ 338,465	\$ -	\$ 338,465	\$ 299,470	\$ 34,458	\$ 333,928
Grants	127,654	111,351	239,005	75,688	118,131	193,819
Program income	170,617	-	170,617	100,744	-	100,744
Grant income - PPP grant	102,478	-	-	-	-	-
Investment income	20	45,170	45,190	25	7,611	7,636
Total revenue	<u>739,234</u>	<u>156,521</u>	<u>793,277</u>	<u>475,927</u>	<u>160,200</u>	<u>636,127</u>
Net assets released from restrictions	113,294	(113,294)	-	129,750	(129,750)	-
Total revenue and support	<u>852,528</u>	<u>43,227</u>	<u>793,277</u>	<u>605,677</u>	<u>30,450</u>	<u>636,127</u>
EXPENSES						
Program expenses						
Future Leaders program	14,652	-	14,652	14,348	-	14,348
Homework Centers	146,933	-	146,933	152,394	-	152,394
21Club	62,953	-	62,953	45,240	-	45,240
Leaders programs	356,363	-	356,363	315,373	-	315,373
Total program expense	<u>580,901</u>	<u>-</u>	<u>580,901</u>	<u>527,355</u>	<u>-</u>	<u>527,355</u>
General and administrative	34,145	-	34,145	34,744	-	34,744
Fundraising	20,968	-	20,968	14,250	-	14,250
Total expenses	<u>636,014</u>	<u>-</u>	<u>636,014</u>	<u>576,349</u>	<u>-</u>	<u>576,349</u>
Change in net assets - increase (decrease)	216,514	43,227	259,741	29,328	30,450	59,778
Board of Directors Endowment Transfer	(25,000)	25,000	-	-	-	-
Beginning net assets	<u>172,232</u>	<u>266,566</u>	<u>438,798</u>	<u>142,904</u>	<u>\$ 236,116</u>	<u>\$ 379,020</u>
Net assets - end of year	<u>\$ 363,746</u>	<u>\$ 334,793</u>	<u>\$ 698,539</u>	<u>\$ 172,232</u>	<u>\$ 266,566</u>	<u>\$ 438,798</u>

The accompanying notes are an integral part of these financial statements.

21ST CENTURY LEADERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Future Leaders	Homework Centers	21Club	General Programs	Total Program	General & Administrative	Fund Raising	Total Expenses
Salaries and wages	\$ 13,000	\$ 31,000	\$ 29,991	\$ 148,543	222,534	\$ 22,390	\$ -	\$ 244,924
Payroll taxes	994	2,371	2,141	11,565	17,071	1,853	-	18,924
Employee benefits	-	2,246	-	18,893	21,139	-	-	21,139
Total personnel expenses	<u>13,994</u>	<u>35,617</u>	<u>32,132</u>	<u>179,001</u>	<u>260,744</u>	<u>24,243</u>	<u>-</u>	<u>284,987</u>
Dues and fees	-	-	-	712	712	855	-	1,567
Fundraising	-	-	-	-	-	-	20,968	20,968
Insurance	-	-	-	3,577	3,577	1,520	-	5,097
Leadership connect	-	50	-	47,559	47,609	-	-	47,609
Other expenses	-	-	827	8,038	8,865	3,102	-	11,967
Payroll service fees	-	63	-	4,781	4,844	25	-	4,869
Postage and delivery	-	-	-	316	316	-	-	316
Professional development	-	-	-	2,655	2,655	190	-	2,845
Professional fees	658	-	-	4,606	5,264	1,316	-	6,580
Program expenses - direct	-	110,889	23,969	81,010	215,868	-	-	215,868
Rent	-	-	5,095	17,834	22,929	2,548	-	25,477
Supplies	-	-	-	67	67	13	-	80
Telephone	-	-	666	4,133	4,799	333	-	5,132
Travel and meetings	-	314	264	2,074	2,652	-	-	2,652
	<u>\$ 14,652</u>	<u>\$ 146,933</u>	<u>\$ 62,953</u>	<u>\$ 356,363</u>	<u>\$ 580,901</u>	<u>\$ 34,145</u>	<u>\$ 20,968</u>	<u>\$ 636,014</u>

The accompanying notes are an integral part of these financial statements.

21ST CENTURY LEADERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Future Leaders	Homework Centers	21Club	Leaders Programs	Total Program	General & Administrative	Fund Raising	Total Expenses
Salaries and wages	\$ 11,783	\$ 29,000	\$ 23,834	\$ 118,550	183,167	\$ 22,080	\$ -	\$ 205,247
Payroll taxes	903	2,213	1,827	9,754	14,697	1,808	-	16,505
Employee benefits	-	2,962	-	18,306	21,268	-	-	21,268
Total personnel expenses	<u>12,686</u>	<u>34,175</u>	<u>25,661</u>	<u>146,610</u>	<u>219,132</u>	<u>23,888</u>	<u>-</u>	<u>243,020</u>
Bank charges and credit card fees	-	-	-	760	760	-	-	760
Dues and fees	-	-	-	635	635	1,379	-	2,014
Fundraising	-	-	-	-	-	-	14,250	14,250
Insurance	-	-	153	3,796	3,949	1,218	-	5,167
Leadership connect	159	-	-	27,787	27,946	-	-	27,946
Other expenses	875	-	2,288	17,684	20,847	3,771	-	24,618
Payroll service fees	-	-	-	5,111	5,111	5	-	5,116
Postage and delivery	-	-	-	242	242	55	-	297
Professional development	-	-	-	2,670	2,670	-	-	2,670
Professional fees	628	-	-	4,393	5,021	1,255	-	6,276
Program events	-	140	-	68,662	68,802	-	-	68,802
Rent	-	-	5,048	17,668	22,716	2,524	-	25,240
School reimbursements	-	15,500	-	-	15,500	-	-	15,500
Internships	-	-	-	15,000	15,000	-	-	15,000
Supplies	-	-	37	924	961	326	-	1,287
Telephone	-	-	645	2,258	2,903	323	-	3,226
Travel and meetings	-	280	508	1,033	1,821	-	-	1,821
Tutoring fees	-	102,299	-	140	102,439	-	-	102,439
Youth Action Centers	-	-	10,900	-	10,900	-	-	10,900
	<u>\$ 14,348</u>	<u>152,394</u>	<u>45,240</u>	<u>315,373</u>	<u>527,355</u>	<u>34,744</u>	<u>14,250</u>	<u>576,349</u>

The accompanying notes are an integral part of these financial statements.

21ST CENTURY LEADERS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020
Increase (Decrease) in Cash

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 259,741	\$ 59,778
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities by operating activities:		
Grant income - PPP grant, non-cash	(54,000)	-
Realized and unrealized (gain) loss from investments	(41,058)	(5,505)
Grants and pledges receivable	(3,237)	46,651
Deposits and prepaids	-	(1,658)
Accounts payable and accrued expenses	23,028	(41,918)
Deferred income	17,972	(60,000)
Net cash provided (used) operating activities	202,446	(2,652)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	192,993	3,905
Purchase of investments (includes reinvested income)	(222,105)	(40,468)
Net cash provided (used) by investing activities	(29,112)	(36,563)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Payroll Protection Program loan	-	54,000
Net cash provided (used) by financing activities	-	54,000
INCREASE (DECREASE) IN CASH	173,334	14,785
CASH - BEGINNING OF YEAR	198,819	184,034
CASH - END OF YEAR	\$ 372,153	\$ 198,819

The accompanying notes are an integral part of these financial statements.

21ST CENTURY LEADERS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose

The mission of 21st Century Leaders, Inc. (“the Organization”) is to inspire the next generation of Georgia leaders by empowering high school students with essential business and community leadership skills through programs connecting a diverse group of enthusiastic peers and passionate professionals. The Organization's primary funding sources are corporations, foundations, individuals, and grants.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities as either net assets without restriction or net assets with restriction. Assets on the statement of financial position are listed in order of decreasing liquidity. Liabilities are listed according to nearness of maturity.

Contributions, contracts, and grants

Contributions and grants received are recorded as net assets without restriction or net assets with restriction depending on the existence and/or nature of any donor/grantor restrictions. Net assets with restrictions are reclassified to net assets without restriction upon satisfaction of the donor's time or purpose restriction and reported on the statement of activities as “net assets released from restrictions.” The Organization received a contract to administer a program lasting 12 months, accordingly, deferred revenues are the remaining months of the contract, not earned.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

Financial statements prepared in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid financial instruments purchased with an original maturity of three months or less to be cash equivalents.

Furniture and equipment

Furniture and equipment are recorded at cost and depreciated over the assets' estimated useful life on an accelerated basis. The Organization follows the practice of capitalizing all expenditures for assets with an estimated life greater than one year and a cost that exceeds \$500.

21ST CENTURY LEADERS, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Allowance for Doubtful Accounts

The Organization's allowance for doubtful accounts is based on evaluation of customer accounts and prior history of bad debt provisions. At September 30, 2021 and 2020 no allowance for doubtful accounts was considered necessary as the Organization believed all current accounts were collectible being due from large corporations and other donors who have always fulfilled their pledge commitments.

Fair Value of Financial Instruments

Current accounting standards have established a fair value hierarchy for the inputs used to measure fair value based on the nature of the data input. The level of fair value of a financial asset or liability is based on the lower significant input level within this fair value hierarchy described as follows:

Fair value measurements based on Level 1 inputs: Measurements that are most observable is based on quoted prices of identical instruments obtained from the principal markets in which they are traded. Closing prices are both readily available and representative of fair value. Market transactions occur with sufficient frequency and volume to ensure liquidity. The Organization's investments are stated at Level 1 fair values.

Fair value measurements based on Level 2 inputs: Measurements derived indirectly from observable inputs or from quoted prices from markets that are less liquid are considered Level 2. Measurements may consider inputs that other market participants would use in valuing a portfolio, quoted market prices for similar securities, interest rates, credit risks, and others.

Fair value measurements based on Level 3 inputs: Measurements that are least observable are estimated from related market data, determined from sources with little or no market activity for comparable contracts, or are positions with longer durations.

Cash and cash equivalents, receivables, and payables are stated at cost, which approximates fair value due to their short-term maturity.

Income taxes

The Organization is a nonprofit corporation exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, contributions to the Organization qualify as a charitable deduction on a donor's income tax return. The Internal Revenue Service has also determined that the Organization is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 5, 2022, the date the financial statements were available to be issued (See Note 10).

21ST CENTURY LEADERS, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

2. INVESTMENTS

Investment fair values are based on Level 1 criteria. Investments consisted of the following:

	2021	2020
Cash available to invest	\$ 3,186	\$ 1,318
Bond funds	107,045	78,868
Stock funds	-	118,648
Exchange Traded Products - Equity	158,773	-
Total, at fair value	269,004	198,834
Investment income:		
Dividends and interest	\$ 5,459	\$ 3,247
Gains (losses)	41,058	5,505
Investment expenses	(1,327)	(1,116)
	\$ 45,190	\$ 7,636

3. PAYROLL PROTECTION PROGRAM GRANT

The Organization obtained a loan of \$54,000 under this program at September 30, 2020. The certification process under the program provided for the entire loan debt to be forgiven as a grant. The Organization also obtained an additional PPP Loan during the fiscal year ended September 30, 2021, in the amount of \$48,478, which also met the qualifications to become a grant under this program.

4. LEASES

Rental expense for office space was \$25,477 and \$24,240 for the years ended September 30, 2021 and 2020, respectively. The difference between annual rental expense on the straight-line basis and the actual rents paid is not material. The remaining lease commitment at September 30, 2021 follows:

Fiscal Year	Amount
2022	18,990
2023	3,180
	\$ 22,170

21ST CENTURY LEADERS, INC.
 NOTES TO FINANCIAL STATEMENTS - Continued
 FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

5. RETIREMENT BENEFITS

The Organization provides retirement benefits in the form of a Simple IRA, which is made available to all employees after they meet age and length of service requirements. The Organization matches contributions up to 3% of salary. Contributions to the plan for the years ended September 30, 2021 and 2020 were \$4,980 and \$4,326, respectively.

6. CONCENTRATIONS

At September 30, 2021, the Organization's cash on deposit with its bank exceeded the FDIC insured limit of \$250,000 by \$122,153. The Organization received corporate grants from one company during the years ended September 30, 2021 and 2020, and the grants represented 14% and 27% of total revenue and support, stated respectively. The Organization's management believes these corporate grants will continue to provide support for its programs in future years.

7. NET ASSETS WITH RESTRICTION

All releases from restriction relate to the Homework Centers. The Organization's net assets with restriction consisted of the following at September 30:

	2021	2020
Homework Centers	\$ 65,789	\$ 67,732
Endowment fund	269,004	198,834
	\$ 334,793	\$ 266,566

8. LIQUIDITY AND AVAILABILITY OF RESOURCES

As part of its liquidity management, the Organization must structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's liquidity and availability of resources consisted of the following at September 30:

	2021	2020
Cash and cash equivalents	\$ 372,153	\$ 198,819
Grants and pledges receivable	93,702	90,465
Investments - Scholarship endowments	269,004	198,834
	734,859	488,118
Less: Net assets with restriction	(334,793)	(266,566)
Available liquid resources	\$ 400,066	\$ 221,552

21ST CENTURY LEADERS, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

9. ENDOWMENT FUND

The Organization established an endowment fund to provide ongoing scholarships for the Future Leaders program. It is the intention of the Board of Directors to grow the endowment fund, but also provide annual recommendations as to the amount of income that will be provided for scholarships. The determination of scholarship amounts will be made based on income earned and the number of participants needing financial help for the program.

The Organization has interpreted the State Prudent Management of Institutional Funds Acts (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, permanently restricted net assets include (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund. The remaining portion of the donor-restricted endowments will be classified as temporarily restricted net assets until those amounts are spent as allowed by the donors' restrictions and in a manner consistent with the standard of prudence prescribed by SPMIFA. There have been no amounts spent from the endowment fund since its inception. The following reflects transactions occurring in the endowment fund:

	2021	2020
Balance, October 1,	\$ 198,834	\$ 156,766
Contributions	-	34,458
Dividend income	5,438	3,221
Gains (losses)	41,059	5,505
Board of Directors Endowment Transfer	25,000	-
Investment expenses	(1,327)	(1,116)
Balance, September 30	<u>269,004</u>	<u>198,834</u>

10. COVID-19 PANDEMIC – IMPACT ON FINANCIAL STATEMENTS

During the fiscal year ended September 30, 2021, the Organization continued to be impacted by the Covid-19 pandemic, and plans to return to “in-person” programs were delayed due to the variants that continued to occur. There has been some reduction in support among the Organization’s ongoing business partners but obtaining PPP loan grants have provided needed support for programming and maintaining reserves if needed. We believe the Organization remains financially healthy to continue our organizational mission and efforts and have consistently been providing programming during this time. In fact, we have seen increased demand for our online learning platform, Leadership Connect, and our school and community-based clubs, 21CLubs. Demand is up over 50% over the prior year for Leadership Connect and we have nearly doubled our 21CLubs across the state.