

21ST CENTURY LEADERS, INC.

FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 and 2022

With

INDEPENDENT AUDITORS' REPORT

21ST CENTURY LEADERS, INC.  
TABLE OF CONTENTS  
SEPTEMBER 30, 2023 AND 2022

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses for year ended September 30, 2023	5
Statement of Functional Expenses for year ended September 30, 2022	6
Statements of Cash Flows	7
Notes to Financial Statements	8-11

# Reed, Quinn & McClure, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
21<sup>st</sup> Century Leaders, Inc.

### **Opinion**

We have audited the accompanying financial statements of 21<sup>st</sup> Century Leaders, Inc. ("the Organization"), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at September 30, 2023 and 2022 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.

### **Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the basis for our audit opinion.

### **Responsibilities of Management 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, 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, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date of the financial statements are available to be issued.

### **Auditors' 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 auditor's 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 material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, or the override of internal control.

Misstatements, including omissions, are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 purpose of expressing an opinion on the effectiveness of the Organization'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 judgement, there are conditions or events considered in the aggregate, which raise substantial doubt about the Organization'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 findings, and certain internal control related matters that we identified during the audit.

*Reed, Quinn & McClure LLC*

Lawrenceville, Georgia  
January 9, 2024

21ST CENTURY LEADERS, INC.  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2023 AND 2022

ASSETS	2023	2022
Cash and cash equivalents	\$ 369,558	\$ 444,697
Grants and pledges receivable, due in one year	17,965	108,672
Deposits and prepaid	4,200	4,200
Office furniture and equipment	9,387	9,387
Accumulated depreciation	(9,387)	(8,978)
Right-of-Use Asset, net of amortization	55,224	-
Investments - Scholarship endowments	311,659	276,127
Total assets	\$ 758,606	\$ 834,105
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 7,961	\$ 12,246
Lease liability	55,614	-
Deferred income	17,500	145,300
	81,075	157,546
<b>NET ASSETS</b>		
Without restriction	290,497	245,279
Without restriction -Board designated for Endowment	311,659	276,127
Total without restriction	602,156	521,406
With restriction		
Donor restriction	75,375	155,153
Total net assets	677,531	676,559
Total liabilities and net assets	\$ 758,606	\$ 834,105

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

21ST CENTURY LEADERS, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022		
	Without Restriction	With Restriction	Total	Without Restriction	With Restriction	Total
<b>REVENUE AND SUPPORT</b>						
Program income from special events	280,279	-	280,279	183,619	-	183,619
Less: Event direct expenses	(78,115)	-	(78,115)	(49,716)	-	(49,716)
Program income from special events, net	202,164	-	202,164	133,903	-	133,903
Contributions	493,134	-	493,134	415,919	-	415,919
Grants	100,298	207,856	308,154	163,486	186,884	350,370
Other program income	48,950	-	48,950	54,465	-	54,465
Total revenue	844,546	207,856	1,052,402	767,773	186,884	954,657
Net assets released from restrictions	287,634	(287,634)	-	97,520	(97,520)	-
Total revenue and support	1,132,180	(79,778)	1,052,402	865,293	89,364	954,657
<b>EXPENSES</b>						
Program expenses						
Future Leaders program	15,482	-	15,482	19,240	-	19,240
Homework Centers	158,481	-	158,481	137,979	-	137,979
21Club	138,717	-	138,717	79,357	-	79,357
Leaders programs	662,702	-	662,702	612,054	-	612,054
Total program expense	975,382	-	975,382	848,630	-	848,630
General and administrative	62,436	-	62,436	37,703	-	37,703
Fundraising	49,174	-	49,174	47,468	-	47,468
Total expenses	1,086,992	-	1,086,992	933,801	-	933,801
Change in net assets - before items below	45,188	(79,778)	(34,590)	(68,508)	89,364	20,856
Investment income (loss)	35,562	-	35,562	(42,836)	-	(42,836)
Change in net assets-increase (decrease)	80,750	(79,778)	972	(111,344)	89,364	(21,980)
Beginning net assets	521,406	155,153	676,559	632,750	65,789	\$ 698,539
Net assets - end of year	\$ 602,156	\$ 75,375	\$ 677,531	\$ 521,406	\$ 155,153	\$ 676,559

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, 2023

	Future Leaders	Homework Centers	21Club	Leaders Programs	Total Program	General & Administrative	Fund Raising	Total Expenses
Salaries and wages	\$ 9,000	\$ 40,000	\$ 79,000	\$ 195,810	323,810	\$ 45,250	\$ -	\$ 369,060
Payroll taxes	1,722	3,059	6,044	14,962	25,787	2,541	-	28,328
Employee benefits	-	2,400	-	24,882	27,282	-	-	27,282
Total personnel expenses	<u>10,722</u>	<u>45,459</u>	<u>85,044</u>	<u>235,654</u>	<u>376,879</u>	<u>47,791</u>	<u>-</u>	<u>424,670</u>
Dues and fees	-	-	-	1,415	1,415	941	-	2,356
Fundraising	-	-	-	-	-	-	45,430	45,430
Insurance	-	-	-	5,510	5,510	2,143	-	7,653
Leadership connect	4,000	1,000	-	49,362	54,362	-	-	54,362
Marketing	-	-	-	-	-	-	3,744	3,744
Other expenses	-	-	-	16,234	16,234	4,058	-	20,292
Payroll service fees	-	-	-	7,601	7,601	-	-	7,601
Postage and delivery	-	-	-	-	-	107	-	107
Professional development	-	-	-	1,114	1,114	-	-	1,114
Professional fees	760	-	-	5,320	6,080	1,520	-	7,600
Program expenses - direct	-	24,842	43,568	249,321	317,731	-	-	317,731
Rent	-	-	5,581	19,986	25,567	2,841	-	28,408
Scholarships/Internships	-	-	-	50,310	50,310	-	-	50,310
Summer students program	-	-	-	13,550	13,550	-	-	13,550
Supplies	-	-	33	-	33	1,611	-	1,644
Telephone	-	-	765	-	765	-	-	765
Travel and meetings	-	324	3,726	7,325	11,375	1,424	-	12,799
Tutoring fees	-	86,856	-	-	86,856	-	-	86,856
	<u>\$ 15,482</u>	<u>158,481</u>	<u>138,717</u>	<u>662,702</u>	<u>975,382</u>	<u>62,436</u>	<u>49,174</u>	<u>1,086,992</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, 2022

	Future Leaders	Homework Centers	21Club	Leaders Programs	Total Program	General & Administrative	Fund Raising	Total Expenses
Salaries and wages	\$ 17,752	\$ 37,459	\$ 37,836	\$ 187,440	280,487	\$ 25,682	\$ -	\$ 306,169
Payroll taxes	1,488	3,164	3,101	15,913	23,666	2,310	-	25,976
Employee benefits	-	2,118	-	20,565	22,683	-	-	22,683
Total personnel expenses	<u>19,240</u>	<u>42,741</u>	<u>40,937</u>	<u>223,918</u>	<u>326,836</u>	<u>27,992</u>	<u>-</u>	<u>354,828</u>
Dues and fees	-	-	-	1,035	1,035	709	-	1,744
Fundraising	-	-	-	-	-	-	47,468	47,468
Insurance	-	-	-	4,646	4,646	1,800	-	6,446
Leadership connect	-	-	-	88,412	88,412	-	-	88,412
Marketing	-	-	-	1,345	1,345	-	-	1,345
Other expenses	-	-	-	10,877	10,877	2,266	-	13,143
Payroll service fees	-	-	-	6,789	6,789	-	-	6,789
Postage and delivery	-	-	-	172	172	-	-	172
Professional development	-	-	-	1,849	1,849	132	-	1,981
Professional fees	-	-	-	5,600	5,600	1,400	-	7,000
Program expenses - direct	-	18,156	30,592	224,751	273,499	-	-	273,499
Rent	-	-	5,364	18,775	24,139	2,682	-	26,821
Summer students program	-	-	-	16,600	16,600	-	-	16,600
Supplies	-	-	-	859	859	363	-	1,222
Telephone	-	-	669	4,943	5,612	334	-	5,946
Travel and meetings	-	208	1,795	1,483	3,486	25	-	3,511
Tutoring fees	-	76,874	-	-	76,874	-	-	76,874
	<u>\$ 19,240</u>	<u>\$ 137,979</u>	<u>\$ 79,357</u>	<u>\$ 612,054</u>	<u>\$ 848,630</u>	<u>\$ 37,703</u>	<u>\$ 47,468</u>	<u>\$ 933,801</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, 2023 AND 2022  
Increase (Decrease) in Cash

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 972	\$ (21,980)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities by operating activities:		
Depreciation	409	-
Right-of-use asset amortization	3,248	-
Change in lease liability	(2,859)	-
Realized and unrealized (gain) loss from investments	(31,312)	46,781
Grants and pledges receivable	90,707	(14,970)
Deposits and prepaids	-	2,158
Accounts payable and accrued expenses	(4,285)	(12,871)
Deferred income	(127,800)	127,328
Net cash provided (used) operating activities	(70,920)	126,446
CASH FLOWS FROM INVESTING ACTIVITIES		
Reinvested dividends and realized gains	(4,219)	(53,902)
Net cash provided (used) by investing activities	(4,219)	(53,902)
INCREASE (DECREASE) IN CASH	(75,139)	72,544
CASH - BEGINNING OF YEAR	444,697	372,153
CASH - END OF YEAR	\$ 369,558	\$ 444,697
NON-CASH ACTIVITY		
Right-of-Use Asset	\$ 58,472	\$ -
Lease liability	\$ 58,472	\$ -

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, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Purpose*

The mission of 21<sup>st</sup> Century Leaders, Inc. (“the Organization”) is to connect, transform, and inspire high school students across the state of Georgia to leverage and promote diversity and inclusion, explore career opportunities, and become leaders in their schools, communities, and ultimately the workforce. The Organization's primary funding sources are corporations, organizations, 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, 2023 AND 2022

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, 2023 and 2022 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 Organization" 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 9, 2024, the date the financial statements were available to be issued.

21ST CENTURY LEADERS, INC.  
NOTES TO FINANCIAL STATEMENTS - Continued  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

2. INVESTMENTS

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

	<u>2023</u>	<u>2022</u>
Cash available to invest	\$ 2,836	\$ 34,990
Bond funds	115,518	110,704
Exchange Traded Products - Equity	<u>193,305</u>	<u>130,433</u>
Total, at fair value	<u><u>311,659</u></u>	<u><u>276,127</u></u>
Investment income:		
Dividends and interest	\$ 7,130	\$ 5,286
Realized and Unrealized gains (losses)	31,312	(46,781)
Investment expenses	<u>(2,880)</u>	<u>(1,341)</u>
	<u><u>\$ 35,562</u></u>	<u><u>\$ (42,836)</u></u>

3. RIGHT-OF-USE ASSET

In accordance with new accounting standards, a Right-of-Use Asset has been recorded based on the present value of future lease payments using at the inception of the lease renewal on August 1, 2023. The Right-of-Use Asset is amortized on the straight-line basis over the life of the lease (See Note 4).

4. LEASE OBLIGATION

The facilities lease was renewed with an effective date starting August 1, 2023. Under new accounting standards, a lease liability has been recognized based on the present value of future lease payments using an incremental borrowing rate of 5% at the inception of the lease. Rental expenses were \$28,408 and \$26,821 for the years ended September 30, 2023 and 2022, respectively. The balance of the lease liability at September 30, 2023 is \$55,614. The remaining lease payments follow:

Fiscal year ended September 30,	Lease		
	<u>Liability</u>	<u>Discount</u>	<u>Payment</u>
2024	\$ 17,830	\$ 2,978	\$ 20,808
2025	19,780	1,444	21,224
2026	<u>18,004</u>	<u>416</u>	<u>18,420</u>
	<u><u>\$ 55,614</u></u>	<u><u>\$ 4,838</u></u>	<u><u>\$ 60,452</u></u>

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, 2023 and 2022 were \$6,311 and \$4,980, respectively.

21ST CENTURY LEADERS, INC.  
 NOTES TO FINANCIAL STATEMENTS - Continued  
 FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

6. CONCENTRATIONS

At September 30, 2023 and 2022, the Organization's cash on deposit with its bank exceeded the FDIC insured limit of \$250,000 by \$115,558 and \$194,697 stated respectively. The Organization receives corporate contributions from a large corporation that exceeds 10% of its annual revenue and support. These contributions are related to a specific program which would be impacted significantly if these contributions were terminated and a new donor not found.

7. NET ASSETS WITH RESTRICTION

All releases from restriction relate to the Homework Centers. The Organization's net assets with restriction at September 30, 2023 and 2022 were restricted to use by the Homework Centers.

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:

	2023	2022
Cash and cash equivalents	\$ 369,558	\$ 444,697
Grants and pledges receivable	17,965	108,672
Investments - Scholarship endowments	311,659	276,127
	699,182	829,496
Less: Board designated net assets	(311,659)	(276,127)
Less: Net assets with restriction	(75,375)	(155,153)
Available liquid resources	\$ 312,148	\$ 398,216

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 increase 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.