



**SHERRI ROSE, CPA**

NAVIGATING AUDIT | TAX | ACCOUNTING

**National Lead for America, Inc.**

**Financial Statements**

**Year-ended December 31, 2019**

SHERRI ROSE, CPA, PLLC  
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CHAPEL HILL, NC 27516  
919-913-8081

**National Lead for America, Inc.  
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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
National Lead for America, Inc.  
Chapel Hill, NC

We have audited the accompanying financial statements of National Lead for America, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, 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 from 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 above present fairly, in all material respects, the financial position of National Lead for America, Inc. as of December 31, 2019, 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.

*Sherri Rose, CPA*

March 9, 2020

National Lead for America, Inc.  
Statement of Financial Position  
December 31, 2019

ASSETS	
	2019
CURRENT ASSETS	
Cash in Banks	\$411,660
Accounts Receivable	572,465
Contributions Receivable	27,550
Deposits	1,300
Prepaid Expense	39,812
TOTAL CURRENT ASSETS	1,052,786
TOTAL ASSETS	\$1,052,786
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	\$459
Credit Card Payable	8,213
Deferred Revenue	352,113
Accrued Liabilities Payable	13,839
Total Current Liabilities	374,624
TOTAL LIABILITIES	\$374,624
NET ASSETS	
Unrestricted Net Assets	514,701
Temporarily Restricted Net Assets	163,460
TOTAL NET ASSETS	678,161
TOTAL LIABILITIES AND NET ASSETS	\$1,052,786

National Lead for America, Inc.  
Statement of Activities  
For The Year Ended December 31, 2019

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Total 2019</u>
Revenue:			
Contributions	205,344	-	205,344
Contributions Temporarily Restricted	-	163,460	163,460
Contributions - In Kind	552,064	-	552,064
Program Income	830,103	-	830,103
Interest Income	42	-	42
Satisfaction of Program Restrictions	12,500	(12,500)	-
Total Revenue	<u>1,600,053</u>	<u>150,960</u>	<u>1,751,013</u>
Expenses			
Salaries and Wages	156,869	-	156,869
Payroll Taxes	13,436	-	13,436
Employee Benefits	23,370	-	23,370
Banking Fees	389	-	389
Insurance	2,800	-	2,800
Legal and Professional	30,405	-	30,405
Contract Labor	319,064	-	319,064
Fellowship Expense	292,977	-	292,977
Meals and Entertainment	41,014	-	41,014
Office Expense	23,888	-	23,888
Telephone	212	-	212
Occupancy	22,800	-	22,800
Training and Development	28,434	-	28,434
Travel	116,731	-	116,731
Taxes and Licenses	1,622	-	1,622
Miscellaneous	12	-	12
Event Expense	60,666	-	60,666
Program Expense	4,596	-	4,596
	<u>1,139,284</u>	<u>-</u>	<u>1,139,284</u>
Change in Net Assets	460,769	150,960	611,729
Prior Period Adjustment	-	-	-
Net Assets at Beginning of Year	<u>53,932</u>	<u>12,500</u>	<u>66,432</u>
	514,701	163,460	678,161
Net Assets at End of Year	<u>\$ 514,701</u>	<u>\$ 163,460</u>	<u>\$ 678,161</u>

The accompanying notes are an integral part of these financial statements

National Lead for America, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2019

	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	611,729
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Change in Accounts Receivable	(572,465)
Change in Pledges Receivable	(15,050)
Change in Deposits	(1,300)
Change in Prepaids	(39,812)
Change in Accounts Payable	8,672
Change in Deferred Revenue	352,113
Change in Liabilities Payable	13,839
Net Cash Provided (Used) by Operating Activities	357,727
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 357,727
Cash and Cash Equivalents at Beginning of Year	53,932
Cash and Cash Equivalents at End of Year	\$ 411,660
 <b>SUPPLEMENTAL DATA:</b>	
Interest Income	\$ -
Interest Expense	\$ -

National Lead for America, Inc..  
Notes to the Financial Statements  
December 31, 2019

NOTE 1 Nature of Business and Activities

National Lead for America, Inc. is a nonprofit organization incorporated under the laws of the State of North Carolina. The Organization's purpose is to support and provide skills to young professionals between ages 21 years old to 30 years old. Professionals are recruited, trained and placed in a civic leadership role to tackle the toughest challenges facing their communities.

NOTE 2 Summary of Significant Accounting Policies

Basis of Accounting

National Lead for America, Inc., maintains its books and records on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Accounts Receivable

Accounts receivable are stated at unpaid balances. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standard Codification (ASC) No. 958-605, Financial Statements of Not-for-Profit Organizations. Under ASC No. 958-605, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

National Lead for America, Inc..  
Notes to the Financial Statements  
December 31, 2019

Net Assets with Donor Restriction – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization as well as net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Donated Services

The value of contributed is reflected in the accompanying financial statements. These services require specialized skills in the areas of law and legal advice and would otherwise have to be purchased if the service was not donated. Other donated services that do not require specialized skill include donated amounts of time to the organization's program services and administration programs are not reflected in the financial statements.

Federal Tax Status

The Internal Revenue Service ("IRS") has classified the Organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability, if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2019 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization recognizes accrued interest and penalties associated with uncertain tax positions, if any. The tax returns of the Organization for the years ended December 31, 2016 through 2018 are or will be subject to examination by the IRS and other various taxing authorities, generally for three years after they are filed.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



National Lead for America, Inc..  
Notes to the Financial Statements  
December 31, 2019

Public Support and Revenue

Contributions of cash and other assets are reported as net assets with donor restriction 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 purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restriction contributions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among program and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification.

NOTE 3 Concentration of Credit Risk

The Organization maintains bank accounts at Wells Fargo. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Total cash deposits at December 31, 2019 were within the insured limit.

The Organization also maintains a Wells Fargo Brokerage account that is not FDIC insured and is subject to investment risks.

NOTE 4 Functional Classification of Expenses

Expenses by function for the year ended December 31, 2019 were as follows:

EXPENSES

Program services	
Classes and Support	\$ 840,516
Supporting services	
Management and general	257,241
Fundraising	41,527
TOTAL EXPENSES	\$ 1,139,284

National Lead for America, Inc..  
Notes to the Financial Statements  
December 31, 2019

NOTE 5 Net Assets With Donor Restrictions

Net assets with donor restrictions are available for Fellow Support.

NOTE 6 Accounts Receivable

Accounts receivable is made up of contract balances with host, payable in year ending 2020.

NOTE 7 Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operation needs and other contractual commitments while attempting to maximize the investment of its excess operation cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	<u>2019</u>
Cash and cash equivalents	\$ 411,660
Receivables	597,487
Other Receivable	<u>2,528</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,011,675</u>

NOTE 8 Subsequent Events

For the purpose of the accompanying financial statements, subsequent events have been evaluated through March 9, 2020, which is the date these financial statements were available to be issued.