

Prince's Trust America, Inc.

Financial Statements

March 31, 2020

Independent Auditors' Report

The Board of Directors Prince's Trust America, Inc.

We have audited the accompanying financial statements of Prince's Trust America, Inc. (the "Organization") which comprise the statement of financial position as of March 31, 2020 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.

Auditors' 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 auditors' 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 Prince's Trust America, Inc. as of March 31, 2020 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.

PKF O'Connor Davies, LLP

June 12, 2020

Prince's Trust America, Inc.

Statement of Financial Position
March 31, 2020

ASSETS

Cash and cash equivalents	\$ 649,321
Contributions receivable	1,812,750
Prepaid expenses and other assets	<u>86,830</u>
	<u>\$ 2,548,901</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	\$ 52,134
Deferred revenue	<u>333,500</u>
Total Liabilities	<u>385,634</u>
Net Assets	
Without donor restrictions	248,182
With donor restrictions	<u>1,915,085</u>
Total Net Assets	<u>2,163,267</u>
	<u>\$ 2,548,901</u>

See notes to financial statements

Prince's Trust America, Inc.

Statement of Activities
Year Ended March 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE			
Contributions	\$ 417,574	\$ 8,146,115	\$ 8,563,689
Net assets released from restriction	<u>6,231,030</u>	<u>(6,231,030)</u>	<u>-</u>
Total Operating Support and Revenue	<u>6,648,604</u>	<u>1,915,085</u>	<u>8,563,689</u>
OPERATING EXPENSES			
Program Services			
Grants to Prince's Trust Group Charities	<u>6,231,030</u>	<u>-</u>	<u>6,231,030</u>
Supporting Services			
General and Administrative			
Salaries	5,320	-	5,320
Payroll taxes and benefits	1,695	-	1,695
Professional fees	140,328	-	140,328
Office expenses	1,333	-	1,333
Travel and conference	3,350	-	3,350
IT services and software	7,274	-	7,274
Bank fees	<u>323</u>	<u>-</u>	<u>323</u>
Total General and Administrative	159,623	-	159,623
Fundraising			
Fundraising event	<u>9,769</u>	<u>-</u>	<u>9,769</u>
Total Supporting Services	<u>169,392</u>	<u>-</u>	<u>169,392</u>
Total Operating Expenses	<u>6,400,422</u>	<u>-</u>	<u>6,400,422</u>
Change in Net Assets	248,182	1,915,085	2,163,267
NET ASSETS			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 248,182</u>	<u>\$ 1,915,085</u>	<u>\$ 2,163,267</u>

See notes to financial statements

Prince's Trust America, Inc.

Statement of Cash Flows
Year Ended March 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 2,163,267
Adjustments to reconcile change in net assets to net cash from operating activities	
Changes in operating assets and liabilities	
Contributions receivable	(1,812,750)
Prepaid expenses and other assets	(86,830)
Accounts payable and accrued expenses	52,134
Deferred revenue	<u>333,500</u>
Net Cash From Operating Activities	649,321

CASH AND CASH EQUIVALENTS

Beginning of year	<u>-</u>
End of year	<u>\$ 649,321</u>

Prince's Trust America, Inc.

Notes to Financial Statements
March 31, 2020

1. Organization and Tax Status

Prince's Trust America, Inc. (the "Organization"), is a non-profit organization whose mission is to help young people to improve their lives through partnerships delivering practical solutions that lead to improved confidence. These help build skills young people need for work, support them in education or help them set up businesses.

The Prince's Trust group of charities includes the work of the Prince's Trust in the UK alongside Prince's Trust International, Prince's Trust Australia, Prince's Trust New Zealand, Prince's Trust Canada and now Prince's Trust America, Inc.

Prince's Trust America, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and has been determined to be a publicly supported organization, not a private foundation under Section 509(a) of the Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Principles

Revenue from Contracts with Customers

The Organization follows ASU 2014-09, *Revenue from Contracts with Customers*, which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework.

Recognition of Contributions

The Organization follows ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions.

Prince's Trust America, Inc.

Notes to Financial Statements
March 31, 2020

2. Summary of Significant Accounting Policies *(continued)*

Net Asset Presentation

The financial statements report amounts separately by class of net assets. Amounts without donor restriction are those currently available for use by the Organization. Net assets with donor restrictions are those which are stipulated by donors for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction and/or purpose restriction is accomplished, net assets with donor restrictions are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions. Certain restricted amounts contain donor imposed restrictions that they maintained in perpetuity by the Organization.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of demand deposit and money market accounts with maturities of three months or less at the time of purchase.

Contributions and Contributions Receivable

Contributions are recorded when received or when an unconditional promise to give is made. Conditional promises to give are recorded when substantially all conditions have been met. All donor-restricted contributions are recorded as donor restricted revenue. Donor restricted contributions expire by either the passage of time or fulfillment of the purpose restriction. When a restriction expires, donor restricted contributions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Management has concluded that all pledges receivable at March 31, 2020 are collectible and has not recorded an allowance for uncollectible receivables.

Allocation of Expenses

The Organization allocates its expenses on a functional basis as well by natural class between its program and supporting services. Expenses are identified with a specific program or supporting activity, and are allocated directly to that activity.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. At March 31, 2020, there are no prior year income tax returns subject to examination by the federal, state and local income tax authorities.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statement was available to be issued, which date is June 12, 2020.

Prince's Trust America, Inc.

Notes to Financial Statements
March 31, 2020

3. Contributions Receivable

Contributions receivable at March 31, 2020 are summarized as follows:

Due within one year	\$ 893,750
Due within two to five years	<u>919,000</u>
	<u>\$ 1,812,750</u>

4. Net Assets with Donor Restrictions

Net assets with donor restrictions at March 31, 2020 are restricted for the following purposes:

Women Supporting Women Program	\$ 6,305
UK Enterprise Program	63,050
Prince's Trust Greece	63,000
Get into Hospitality Program	32,980
Time restricted	260,000
Prince's Trust UK	308,500
Youth Development along the Solent Coastline	<u>1,181,250</u>
	<u>\$ 1,915,085</u>

Amounts released from restrictions during the year ended March 31, 2020 were solely for the fulfillment of purpose restrictions and amounted to \$6,231,030.

5. Liquidity and Availability

The Organization's cash flows are primarily driven by multi-year pledges and donations from board members, individuals and corporations.

The following reflects the Organization's financial assets as of March 31, 2020, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual designations or donor imposed restrictions. Amounts not available include restricted contributions for time and purpose.

Financial assets:	
Cash and cash equivalents	\$ 649,321
Contributions receivable	<u>1,812,750</u>
Total financial assets	2,462,071
Less contractual or donor imposed restricted amounts:	
Restricted by donor with time or purpose restrictions	<u>1,755,085</u>
Financial assets available to meet operation and program expenditures over the next twelve months	<u>\$ 706,986</u>

Prince's Trust America, Inc.

Notes to Financial Statements
March 31, 2020

6. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and pledges receivable. The Organization maintains cash and cash equivalent balances with large, commercial banking institutions with limited insurance provided by the Federal Deposit Insurance Corporation (FDIC). At times cash balances may be in excess of federally insured limits. As of March 31, 2020, the uninsured portion of this balance was approximately \$399,000. Contributions receivable are expected to be collected in the normal course of business.

7. Related Party Transactions

During the year ended March 31, 2020, the Organization transferred funds to various organizations that are members of Prince's Trust Group Charities, based on donor stipulations. The Prince's Trust Group Charities Chief Executive is a current board member of the Organization. These grants totaled \$6,231,030 and are presented on the statement of activities.

8. COVID-19

Subsequent to year-end, the COVID-19 pandemic has had and will have an adverse effect on the result of operations. The Organization has, however, taken several steps to strengthen its financial position and to maintain financial liquidity and flexibility. The Organization applied for and has received a Paycheck Protection Program Loan (the "PPP Loan") from the Small Business Administration. The Organization has also applied for the Economic Injury Disaster Loan Emergency Advance and is pending approval. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact of future results of operations, cash flows, or financial condition.

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