

**Prince's Trust America, Inc.**

Financial Statements

March 31, 2021

## 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, 2021 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, 2021 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.

***Report on Summarized Comparative Information***

We have previously audited Prince's Trust America, Inc.'s March 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020 is consistent, in all material respects, with the audited financial statements which it has been derived.

*PKF O'Connor Davies, LLP*

June 17, 2021

**Prince's Trust America, Inc.**

Statement of Financial Position  
March 31, 2021  
(with comparative amounts at March 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 654,679	\$ 649,321
Contributions receivable	1,479,739	1,812,750
Prepaid expenses and other assets	<u>91,946</u>	<u>86,830</u>
Total Assets	<u>\$ 2,226,364</u>	<u>\$ 2,548,901</u>
 <b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 61,087	\$ 52,134
Deferred revenue	283,500	333,500
Loan payable	<u>40,700</u>	<u>-</u>
Total Liabilities	<u>385,287</u>	<u>385,634</u>
Net Assets		
Without donor restrictions	360,817	248,182
With donor restrictions	<u>1,480,260</u>	<u>1,915,085</u>
Total Net Assets	<u>1,841,077</u>	<u>2,163,267</u>
	<u>\$ 2,226,364</u>	<u>\$ 2,548,901</u>

See notes to financial statements

## Prince's Trust America, Inc.

### Statement of Activities Year Ended March 31, 2021 (with summarized totals for the year ended March 31, 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>OPERATING SUPPORT AND REVENUE</b>				
Contributions	\$ 266,667	\$ 2,278,026	\$ 2,544,693	\$ 8,563,689
Stimulus revenue	14,620	-	14,620	-
Other income	80,345	-	80,345	-
Net assets released from restriction	<u>2,712,851</u>	<u>(2,712,851)</u>	<u>-</u>	<u>-</u>
Total Operating Support and Revenue	<u>3,074,483</u>	<u>(434,825)</u>	<u>2,639,658</u>	<u>8,563,689</u>
<b>OPERATING EXPENSES</b>				
Program Services				
Grants to Prince's Trust Group Charities	<u>2,557,683</u>	<u>-</u>	<u>2,557,683</u>	<u>6,231,030</u>
Supporting Services				
General and Administrative				
Salaries	147,555	-	147,555	4,694
Payroll taxes and benefits	58,023	-	58,023	2,321
Professional fees	120,185	-	120,185	140,328
Office expenses	1,400	-	1,400	1,333
Travel and conference	-	-	-	3,350
IT services and software	7,374	-	7,374	7,274
Marketing	6,827	-	6,827	-
Bank fees	<u>926</u>	<u>-</u>	<u>926</u>	<u>323</u>
Total General and Administrative	342,290	-	342,290	159,623
Fundraising				
Fundraising event	<u>61,875</u>	<u>-</u>	<u>61,875</u>	<u>9,769</u>
Total Supporting Services	<u>404,165</u>	<u>-</u>	<u>404,165</u>	<u>169,392</u>
Total Operating Expenses	<u>2,961,848</u>	<u>-</u>	<u>2,961,848</u>	<u>6,400,422</u>
Change in Net Assets	112,635	(434,825)	(322,190)	2,163,267
<b>NET ASSETS</b>				
Beginning of year	<u>248,182</u>	<u>1,915,085</u>	<u>2,163,267</u>	<u>-</u>
End of year	<u>\$ 360,817</u>	<u>\$ 1,480,260</u>	<u>\$ 1,841,077</u>	<u>\$ 2,163,267</u>

See notes to financial statements

## Prince's Trust America, Inc.

### Statement of Functional Expenses Year Ended March 31, 2020

	Program Services	General and Administrative	Fundraising	Total
<b>PERSONNEL</b>				
Salaries	\$ -	\$ 147,555	\$ -	\$ 147,555
Payroll taxes and benefits	-	58,023	-	58,023
Total Personnel Costs	-	205,578	-	205,578
<b>OTHER THAN PERSONNEL COSTS</b>				
Professional fees	-	120,185	-	120,185
Office expenses	-	1,400	-	1,400
Marketing	-	6,827	-	6,827
Postage and printing	-	-	-	-
Repairs and maintenance	-	-	-	-
Travel and conference	-	-	-	-
Grants to Prince's Trust Group Charities	-	2,557,683	-	2,557,683
Food and beverage	-	-	-	-
Fundraising event	-	-	61,875	61,875
Insurance	-	-	-	-
Telephone and utilities	-	7,374	-	7,374
Dues and fees	-	-	-	-
In-kind expenses	-	-	-	-
Bank fees	-	925	-	925
Depreciation	-	-	-	-
Total Operating Expenses	\$ -	\$ 2,899,972	\$ 61,875	\$ 2,961,847

**Prince's Trust America, Inc.**

Statement of Cash Flows  
Year Ended March 31, 2021  
(with comparative amounts for year ended March 31, 2020)

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (322,190)	\$ 2,163,267
Adjustments to reconcile change in net assets to net cash from operating activities		
Changes in operating assets and liabilities		
Contributions receivable	333,011	(1,812,750)
Prepaid expenses and other assets	(5,116)	(86,830)
Accounts payable and accrued expenses	8,953	52,134
Deferred revenue	<u>(50,000)</u>	<u>333,500</u>
Net Cash From Operating Activities	(35,342)	649,321
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	<u>40,700</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	5,358	-
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>649,321</u>	<u>-</u>
End of year	<u>\$ 654,679</u>	<u>\$ 649,321</u>

See notes to financial statements

## Prince's Trust America, Inc.

Notes to Financial Statements  
March 31, 2021

### 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.

#### ***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.



**Prince's Trust America, Inc.**

Notes to Financial Statements  
March 31, 2021

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

***Deferred Revenue***

Deferred revenue represents the Organization's special event funds received prior to March 31, which are applicable to the following fiscal year. These funds are deferred and recognized as revenue in the year that special event occurs.

***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 contributions receivable at March 31, 2021 and 2020 are collectible and has not recorded an allowance for uncollectible receivables.

***Allocation of Expenses***

The Organization presents 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, 2021, periods since inception are subject to examination by the federal, state and local income tax authorities.

***Reclassifications***

Certain amounts in the March 31, 2020 financial statements have been reclassified to conform with the March 31, 2021 presentation.

***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 17, 2021.

**Prince's Trust America, Inc.**

Notes to Financial Statements  
March 31, 2021

**3. Contributions Receivable**

Contributions receivable at March 31, 2021 and 2020 are summarized as follows:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 1,085,989	\$ 893,750
Due within two to five years	393,750	919,000
	<u>\$ 1,479,739</u>	<u>\$ 1,812,750</u>

**4. Net Assets with Donor Restrictions**

Net assets with donor restrictions at March 31, 2021 and 2020 are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Women Supporting Women Program	\$ -	\$ 6,305
UK Enterprise Program	-	63,050
Prince's Trust Greece	32,445	63,000
Get into Hospitality Program	-	32,980
Time restricted	78,100	260,000
Prince's Trust UK	9,281	308,500
Greater Glasgow Health and Social Care Program	560,739	-
Youth Development along the Solent Coastline	799,695	1,181,250
	<u>\$ 1,480,260</u>	<u>\$ 1,915,085</u>

Amounts released from restrictions during the years ended March 31, 2021 and 2020 were for the fulfillment of time or purpose restrictions and amounted to \$2,712,851 and \$6,231,030.

**5. Loan Payable**

***EIDL Loan***

On June 1, 2020, the Organization received loan proceeds in the amount of \$40,700 for the Economic Injury Disaster Loan Emergency Advance ("EIDL Loan"). The EIDL Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses to alleviate economic injury caused by the COVID-19 pandemic. This loan matures on June 1, 2051 and bears an interest rate of 2.75%. Monthly principal and interest payments are based on a 30-year amortization. This loan is collateralized by substantially all of the Organization's assets. The remaining commitments on the EIDL Loan are as follows.

2022	\$ 1,131
2023	1,357
2024	1,357
2025	1,357
2026	1,357
2027 and thereafter	<u>34,141</u>
	<u>\$ 40,700</u>

**Prince's Trust America, Inc.**

Notes to Financial Statements  
March 31, 2021

**6. 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, 2021 and 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.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 654,679	\$ 649,321
Contributions receivable	<u>1,479,739</u>	<u>1,812,750</u>
Total financial assets	2,134,418	2,462,071
Less contractual or donor imposed restricted amounts:		
Restricted by donor with time or purpose restrictions	<u>1,480,260</u>	<u>1,915,085</u>
Financial assets available to meet operation and program expenditures over the next twelve months	<u>\$ 654,158</u>	<u>\$ 546,986</u>

**7. Concentration of Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and contributions 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, 2021 and 2020, the uninsured portion of this balance was approximately \$404,680 and \$399,000. Contributions receivable are expected to be collected in the normal course of business.

**8. Related Party Transactions**

During the years ended March 31, 2021 and 2020, the Organization transferred funds to various organizations that are members of Prince's Trust Group Charities, based on donor stipulations and are subject to a 3% transfer fee which is retained by the Organization. These grants totaled \$2,557,683 and \$6,231,030 and are presented on the statement of activities.

**9. COVID-19**

The Organization's operations and financial reporting may be affected by the recent coronavirus outbreak, which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Organization may experience a disruption in operations.

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