

AFRICAN LEADERSHIP, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

And Report of Independent Auditor

AFRICAN LEADERSHIP, INC.
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Report of Independent Auditor

To the Board of Directors
African Leadership, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of African Leadership, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, 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 audits. We conducted our audits 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 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 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 December 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Notes 3 and 7 to the financial statements, the Organization has liquidity issues relating to a negative change in assets for the years ended December 31, 2020 and 2019 and from a material employee theft that occurred during 2020. Management has taken action to rectify this matter.

As discussed in Note 12, towards the end of December 2019, an outbreak of a novel strain of coronavirus ("COVID-19") emerged globally. As a result, there have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the Organization's operations. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, the effect of COVID-19 could result in uncertainties that could affect results of operations and other material, adverse effects to the Organization. Our opinion is not modified with respect to this matter.



Nashville, Tennessee
August 16, 2021

AFRICAN LEADERSHIP, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 297,425	\$ 367,192
Investments	11,612	-
Pledges receivable	10,486	10,000
Other assets	2,950	8,748
Total Assets	<u><u>\$ 322,473</u></u>	<u><u>\$ 385,940</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 23,307	\$ 28,076
Total Liabilities	<u>23,307</u>	<u>28,076</u>
Net Assets:		
Without donor restrictions	(103,878)	(60,373)
With donor restrictions	403,044	418,237
Total Net Assets	<u>299,166</u>	<u>357,864</u>
Total Liabilities and Net Assets	<u><u>\$ 322,473</u></u>	<u><u>\$ 385,940</u></u>

AFRICAN LEADERSHIP, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions	\$ 526,304	\$ 390,147	\$ 916,451
Federal grant Paycheck Protection Program	91,442	-	91,442
Event registrations and sales	86,907	-	86,907
Realized and unrealized gain on investments	460	-	460
Merchandise sales	154	-	154
Net assets released from restrictions	405,340	(405,340)	-
Total Revenue and Other Support	1,110,607	(15,193)	1,095,414
Expenses:			
Program services	606,263	-	606,263
Administrative services	443,843	-	443,843
Fundraising services	104,006	-	104,006
Total Expenses	1,154,112	-	1,154,112
Change in net assets	(43,505)	(15,193)	(58,698)
Net assets, beginning of year	(60,373)	418,237	357,864
Net assets, end of year	<u>\$ (103,878)</u>	<u>\$ 403,044</u>	<u>\$ 299,166</u>

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

AFRICAN LEADERSHIP, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions	\$ 535,813	\$ 687,285	\$ 1,223,098
Event registrations and sales	76,415	-	76,415
In-kind contributions	2,175	-	2,175
Merchandise sales	165	-	165
Net assets released from restrictions	662,565	(662,565)	-
Total Revenue and Other Support	1,277,133	24,720	1,301,853
Expenses:			
Program services	844,041	-	844,041
Administrative services	380,252	-	380,252
Fundraising services	216,212	-	216,212
Total Expenses	1,440,505	-	1,440,505
Change in net assets	(163,372)	24,720	(138,652)
Net assets, beginning of year	102,999	393,517	496,516
Net assets, end of year	<u>\$ (60,373)</u>	<u>\$ 418,237</u>	<u>\$ 357,864</u>

AFRICAN LEADERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services										Supporting Services			
	DRC	Ethiopia	Malawi	Kenya	Rwanda	Sierra Leone	South Africa	South Sudan	Uganda	Program Administrative	Total Program Services	Management and General	Fundraising	Total
Payroll expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223,501	\$ 223,501	\$ 188,392	\$ -	\$ 411,893
Operations	32,486	25,887	18,181	-	21,490	18,132	50,000	26,718	14,574	-	207,468	-	-	207,468
Employee theft	-	-	-	-	-	-	-	-	-	-	-	102,817	-	102,817
Professional fees	-	-	-	-	-	-	-	-	-	-	-	64,281	29,982	94,263
Events	-	-	-	-	-	-	-	-	-	-	-	-	54,811	54,811
Rent	-	-	-	-	-	-	-	-	-	-	-	39,560	-	39,560
New dawn education	-	-	-	36,000	-	-	-	-	-	-	36,000	-	-	36,000
Action ministry	-	-	-	32,500	-	-	-	-	-	-	32,500	-	-	32,500
Curriculum	3,935	-	-	-	422	9,761	-	11,707	6,002	-	31,827	-	-	31,827
Insurance	-	-	-	-	-	-	-	-	-	-	-	22,936	-	22,936
Nazareth - Women at Risk	-	20,000	-	-	-	-	-	-	-	-	20,000	-	-	20,000
Action school	-	-	-	20,000	-	-	-	-	-	-	20,000	-	-	20,000
Bibles	-	16,387	-	-	-	-	-	1,550	-	-	17,937	-	-	17,937
Bank and credit card charges	-	-	-	-	-	-	-	-	-	-	-	17,459	-	17,459
Advertising and marketing	-	-	-	-	-	-	-	-	-	-	-	-	13,029	13,029
Communications	-	-	-	-	-	-	-	-	-	-	-	4,140	4,691	8,831
Teacher development	-	-	4,965	-	-	-	-	-	-	-	4,965	-	-	4,965
Travel	-	-	-	-	-	-	387	2,425	-	206	3,018	376	446	3,840
GOMA flame of love	3,600	-	-	-	-	-	-	-	-	-	3,600	-	-	3,600
Projects	-	-	-	-	-	-	-	3,600	-	-	3,600	-	-	3,600
Office supplies	-	-	-	-	-	-	-	-	-	-	-	3,165	-	3,165
Other	-	-	-	-	-	-	-	-	-	1,500	1,500	717	-	2,217
Commerce	-	-	-	-	-	-	-	-	-	-	-	-	848	848
Board development	-	-	-	-	-	309	-	-	-	-	309	-	-	309
Staff development	-	-	-	-	-	-	-	-	-	38	38	-	199	237
Total Expenses	\$ 40,021	\$ 62,274	\$ 23,146	\$ 88,500	\$ 21,912	\$ 28,202	\$ 50,387	\$ 46,000	\$ 20,576	\$ 225,245	\$ 606,263	\$ 443,843	\$ 104,006	\$ 1,154,112

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

AFRICAN LEADERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Program Services										Supporting Services			
											Total			
	DRC	Ethiopia	Malawi	Kenya	Rwanda	Sierra Leone	South Africa	South Sudan	Uganda	Program Administrative	Program Services	Management and General	Fundraising	Total
Payroll expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 258,204	\$ 258,204	\$ 196,909	\$ -	\$ 455,113
Operations	46,770	25,866	26,634	-	21,911	16,900	60,000	38,387	24,783	-	261,251	-	-	261,251
Professional fees	-	-	-	-	-	-	-	-	-	-	-	44,724	73,410	118,134
Events	-	-	-	-	-	-	-	-	-	-	-	-	59,042	59,042
Rent	-	-	-	-	-	-	-	-	-	-	-	58,108	-	58,108
Bibles	20,400	19,930	3,211	-	9,000	-	-	-	-	-	52,541	-	-	52,541
Communications	-	-	-	-	-	-	-	-	-	-	-	4,879	46,080	50,959
Teacher development	20,280	10,000	7,481	-	-	8,192	-	650	400	-	47,003	-	-	47,003
Travel	-	-	-	8,877	8,635	-	3,952	-	2,161	7,502	31,127	9,642	4,244	45,013
Insurance	-	-	-	-	-	-	-	-	-	-	-	39,204	-	39,204
New dawn education	-	-	-	36,000	-	-	-	-	-	-	36,000	-	-	36,000
Advertising and marketing	-	-	-	-	-	-	-	-	-	-	-	-	33,212	33,212
Curriculum	12,237	-	7,250	-	8,763	-	-	-	-	-	28,250	-	-	28,250
Nazareth - Women at Risk	-	28,000	-	-	-	-	-	-	-	-	28,000	-	-	28,000
Lay trauma	9,240	5,000	445	-	-	2,647	-	-	10,000	-	27,332	-	-	27,332
Action ministry	-	-	-	25,250	-	-	-	-	-	-	25,250	-	-	25,250
Bank and credit card charges	-	-	-	-	-	-	-	-	-	-	-	20,509	-	20,509
Projects	-	5,294	-	-	10,000	-	-	-	-	-	15,294	-	-	15,294
Ministry support	-	-	-	-	-	-	-	-	-	14,970	14,970	-	-	14,970
Board development	400	1,300	-	-	5,200	1,424	-	2,161	640	-	11,125	-	-	11,125
Office supplies	-	-	-	-	-	-	-	-	-	-	-	5,407	-	5,407
Other	-	-	-	-	-	-	-	-	-	3,400	3,400	803	-	4,203
Child trauma	1,673	-	-	-	-	-	-	-	-	-	1,673	-	-	1,673
GOMA flame of love	1,500	-	-	-	-	-	-	-	-	-	1,500	-	-	1,500
Handbook pilot	-	-	-	-	-	-	-	950	-	-	950	-	-	950
Commerce	-	-	-	-	-	-	-	-	-	-	-	-	224	224
Staff development	-	-	-	-	-	-	-	-	-	110	110	67	-	177
New dawn operations	-	-	-	61	-	-	-	-	-	-	61	-	-	61
Total Expenses	\$ 112,500	\$ 95,390	\$ 45,021	\$ 70,188	\$ 63,509	\$ 29,163	\$ 63,952	\$ 42,148	\$ 37,984	\$ 284,186	\$ 844,041	\$ 380,252	\$ 216,212	\$ 1,440,505

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

AFRICAN LEADERSHIP, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (58,698)	\$ (138,652)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized gain on investments	(460)	-
Donated investments	(11,152)	-
Net change in operating assets and liabilities:		
Pledge receivable	(486)	(10,000)
Other assets	5,798	158
Accounts payable and accrued expenses	(4,769)	23,737
Net cash flows from operating activities	<u>(69,767)</u>	<u>(124,757)</u>
Net change in cash and cash equivalents	(69,767)	(124,757)
Cash and cash equivalents, beginning of year	<u>367,192</u>	<u>491,949</u>
Cash and cash equivalents, end of year	<u><u>\$ 297,425</u></u>	<u><u>\$ 367,192</u></u>
Supplemental schedule of noncash activities:		
Donated investments	<u><u>\$ 11,152</u></u>	<u><u>\$ -</u></u>

AFRICAN LEADERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Description and purpose of organization

African Leadership, Inc. (the “Organization”) enables Africa’s leaders to cultivate and equip the next generation to lead and build thriving communities so that the beauty, transformation and hope of the Gospel can be seen and experienced by those involved. This is accomplished by providing local leaders with a two-year education designed to prepare leaders spiritually, emotionally, and physically for the range of complex issues they will face as the African church body.

Note 2—Summary of significant accounting policies

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets that are subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. None of the Organization’s net assets with donor restrictions are required to be held in perpetuity by the donors at December 31, 2020 or 2019.

Cash and Cash Equivalents – The Organization considers all highly-liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents. There were no cash equivalents as of December 31, 2020 or 2019.

Investments – Investments are reported under the various captions of fixed income securities and mutual funds. These separately presented assets are invested in a variety of ways. In general, investments are composed of cash, mutual funds (that, in turn, invest in debt and equity securities), and stocks.

In accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) guidelines, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Realized and unrealized gains are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Pledges Receivable – Pledges receivable are reviewed periodically as to their collectability. Based on collection experience and management’s review, no allowance for doubtful accounts is considered necessary at December 31, 2020 and 2019.

Contributions – Contributions received are recorded as “with donor restrictions” or “without donor restrictions” depending on the existence or nature of any donor restrictions.

Income Taxes – The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

AFRICAN LEADERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

Advertising and Marketing Costs – Advertising and marketing costs are charged to expense as incurred. Advertising and marketing expense totaled \$13,029 and \$33,212 for the years ended December 31, 2020 and 2019, respectively.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP 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 reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Investments, Goods and Services – Donated investments, goods and services are recognized at the fair value of items received at the time of donation. The Organization also receives volunteer services from a number of individuals in carrying out its programs. The value of contributed time is not reflected in these statements, since it does not meet the recording requirements specified by U.S. GAAP.

Accounting Policy for Future Pronouncement – In February 2016, FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the year ending December 31, 2022. The Organization is currently evaluating the effect of the implementation of this new standard. See Note 8 for the Organization’s operating lease commitment.

Note 3—Liquidity and availability of resources

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of investing in Africa’s servant leaders. As a part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

AFRICAN LEADERSHIP, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 3—Liquidity and availability of resources (continued)

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 297,425	\$ 367,192
Investments	11,612	-
Pledges receivable	10,486	10,000
Total financial assets	319,523	377,192
Less amounts not available to be used for general expenditures within one year:		
Net assets restricted for specific programs	(403,044)	(418,237)
Financial assets available to meet general expenditures within one year	\$ (83,521)	\$ (41,045)

The Organization had negative, unrestricted net assets of (\$103,878) as of December 31, 2020 and incurred a negative change in net assets of (\$58,698) for the year then ended. Furthermore, the Organization incurred a material employee theft during 2020. See Note 7 for additional disclosures regarding the employee theft. The Organization is pursuing unrestricted contributions and managing expenses to potentially result in positive unrestricted net assets as of December 31, 2021 and positive change in net assets for the year then ended to rectify its liquidity matter.

Note 4—Fair value measurements and investments

The Organization follows the *Fair Value Measurement* topic of FASB ASC, which establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include the following:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

AFRICAN LEADERSHIP, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 4—Fair value measurements and investments (continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies during 2020 or 2019. A description of the valuation methodologies used for assets measured at fair value is as follows:

Mutual Funds – Valued at the net asset value of shares in active markets held by the Organization at year-end.

Equities – Valued at the closing price reported in the active market in which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 5,708	\$ -	\$ -	\$ 5,708
Equity funds	5,338	-	-	5,338
Cash and cash equivalents	566	-	-	566
Total investments at fair value	<u>\$ 11,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,612</u>

Note 5—Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes at December 31:

	2020	2019
African country programs	\$ 235,745	\$ 165,465
Events and partnerships	80,937	71,679
Special projects	49,640	40,198
Grants	36,722	140,776
Merchandise	-	119
	<u>\$ 403,044</u>	<u>\$ 418,237</u>

AFRICAN LEADERSHIP, INC.
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 6—Federal grant Paycheck Protection Program revenue

During 2020, the Organization received a Paycheck Protection Program loan ("PPP") in the amount of \$91,442. The PPP loan was granted by the Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Organization has recognized grant revenue for the full amount of \$91,442 for the year ended December 31, 2020, because the conditions for forgiveness had been substantially met at December 31, 2020. Subsequent to December 31, 2020 and before issuance of this report, the Organization received SBA notification of the loan's forgiveness.

Note 7— Employee theft

During 2020, the Organization incurred a material employee theft of approximately \$103,000 (see statement of functional expense for the year ended December 31, 2020). Executive management and those charged with governance terminated the employee who perpetrated the theft and strengthened its internal controls in an effort to prevent or detect future employee improprieties. Subsequent to December 31, 2020 the Organization entered into an agreement for the terminated employee to payback the amount stolen with monthly payments over a 5 year period.

Note 8—Commitments

The Organization leases certain office space under a noncancelable operating lease that expires in April 2022. Future minimum lease payments under this noncancelable lease are as follows:

Years Ending December 31,

2021	\$ 16,675
2022	6,100
	<u>\$ 22,775</u>

Rental expense for the years ended December 31, 2020 and 2019 totaled \$39,560 and \$58,108, respectively.

Note 9—Retirement plan

The Organization has adopted a defined contribution 403(b) retirement plan for all eligible employees who have elected salary deferral. The Organization made contributions to the plan totaling \$9,901 and \$5,224 for the years ended December 31, 2020 and 2019, respectively.

AFRICAN LEADERSHIP, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 10—Concentration

The Organization receives a substantial amount of its support from individuals, churches, and foundations. A significant reduction in the level of contributions, if this were to occur, could have an adverse impact on the Organization's programs and services.

During 2019, the Organization received contributions from a single donor that totaled approximately 11% of total revenue and support.

As of December 31, 2019, the Organization maintained cash at a financial institution which exceeded the federally insured amount by approximately \$97,000. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to its cash held at financial institutions.

Note 11—Subsequent events

Subsequent Events – The Organization evaluated subsequent events through August 16, 2021, when the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure other than described in Note 7 and below.

In accordance with Section 1102 of the CARES Act, the Organization applied for and received a second PPP loan in the amount of \$91,442 during March 2021 based on the federal government's payroll formula. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans including accrued interest to the extent the Organization incurs certain qualifying expenses and maintains a certain level of average full-time equivalent employees during the measurement period following closing of the loan. Any portion of the loan that is not forgiven has a term of five years with an interest rate of 1%.

Note 12—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak could have a material, adverse impact on the economic and market conditions and trigger a period of global economic shutdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.