

# **Twenty-First Century Foundation**

**Financial Statements**  
Year Ended December 31, 2006



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# The Twenty-First Century Foundation

## Contents

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<b>Independent auditors' report</b>	3
<b>Financial statements:</b>	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8-13



## **Independent Auditors' Report**

Board of Directors of  
The Twenty-First Century Foundation  
New York, New York

We have audited the accompanying statement of financial position of The Twenty-First Century Foundation as of December 31, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Twenty-First Century Foundation as of December 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*BDO Seidman, LLP*

December 5, 2007

# The Twenty-First Century Foundation

## Statement of Financial Position

December 31, 2006

<b>Assets</b>	
Cash and cash equivalents (Note 2)	\$2,174,462
Investments, at fair value (Notes 2 and 3)	1,127,291
Contributions receivable (Note 2)	347,948
Prepaid expenses	956
	<b>\$3,650,657</b>
<b>Liabilities and Net Assets</b>	
<b>Liabilities:</b>	
Accounts payable and other liabilities	\$ 252,967
Grants payable	436,000
Deferred revenue	759,854
<b>Total liabilities</b>	<b>1,448,821</b>
<b>Commitments (Note 4)</b>	
<b>Net assets (Notes 2, 6, 7, 8 and 9):</b>	
Unrestricted	1,404,884
Temporarily restricted	665,900
Permanently restricted	131,052
<b>Total net assets</b>	<b>2,201,836</b>
	<b>\$3,650,657</b>

See accompanying notes to financial statements.

# The Twenty-First Century Foundation

## Statement of Activities

Year ended December 31, 2006

	Unrestricted	Temporarily restricted	Permanently restricted	Total
<b>Revenue, gains and support:</b>				
Contributions:				
Foundations	\$2,344,861	\$ 162,230	\$ -	<b>\$2,507,091</b>
Corporations	315,983	128,061	-	<b>444,044</b>
Individuals	401,632	186,829	7,505	<b>595,966</b>
Investment returns:				
Dividend income	12,324	-	-	<b>12,324</b>
Net realized and unrealized gains on investments	23,536	820	-	<b>24,356</b>
Interest income	21,124	-	-	<b>21,124</b>
Other income	162,245	-	-	<b>162,245</b>
Net assets released from restrictions (Note 6)	127,478	(127,478)	-	<b>-</b>
<b>Total revenue, gains and support</b>	<b>3,409,183</b>	<b>350,462</b>	<b>7,505</b>	<b>3,767,150</b>
<b>Expenses:</b>				
Program services:				
Black Men & Boys	700,942	-	-	<b>700,942</b>
Hurricane Katrina Relief	1,469,563	-	-	<b>1,469,563</b>
Other programs	599,785	-	-	<b>599,785</b>
<b>Total program services</b>	<b>2,770,290</b>	<b>-</b>	<b>-</b>	<b>2,770,290</b>
Supporting services:				
Fundraising	152,087	-	-	<b>152,087</b>
Management and general	208,149	-	-	<b>208,149</b>
<b>Total supporting services</b>	<b>360,236</b>	<b>-</b>	<b>-</b>	<b>360,236</b>
<b>Total expenses</b>	<b>3,130,526</b>	<b>-</b>	<b>-</b>	<b>3,130,526</b>
<b>Change in net assets</b>	<b>278,657</b>	<b>350,462</b>	<b>7,505</b>	<b>636,624</b>
<b>Net assets, beginning of year (Note 9)</b>	<b>1,126,227</b>	<b>315,438</b>	<b>123,547</b>	<b>1,565,212</b>
<b>Net assets, end of year</b>	<b>\$1,404,884</b>	<b>\$ 665,900</b>	<b>\$131,052</b>	<b>\$2,201,836</b>

See accompanying notes to financial statements.

# The Twenty-First Century Foundation

## Statement of Functional Expenses

Year ended December 31, 2006

	Program services				Supporting services			Total
	Black Men & Boys	Hurricane Katrina Relief	Other programs	Total program services	Fundraising	Management and general	Total supporting services	
Grants awarded	\$255,000	\$1,013,000	\$227,045	\$1,495,045	\$ -	\$ -	\$ -	\$1,495,045
Salaries, benefits and taxes	133,959	166,124	89,785	389,868	74,545	86,559	161,104	550,972
Consultants: program Development and research	50,381	55,314	101,859	207,554	14,899	31,814	46,713	254,267
Consultants: IT and admin. Support	8,434	9,533	7,986	25,953	4,278	4,967	9,245	35,198
Other professional fees	31,663	36,165	19,944	87,772	35,761	41,526	77,287	165,059
Printing, production and publicity	149,210	9,923	4,099	163,232	1,950	3,919	5,869	169,101
Fees to fiscal agents	-	106,066	31,205	137,271	-	-	-	137,271
Travel	30,294	25,277	39,795	95,366	3,645	8,734	12,379	107,745
Meeting expenses	12,021	11,523	40,888	64,432	1,044	2,161	3,205	67,637
Bank fees and office expenses	6,382	7,578	6,285	20,245	3,395	3,990	7,385	27,630
Equipment rental and maintenance	9,137	6,855	3,706	19,698	3,076	3,572	6,648	26,346
Occupancy	5,920	7,342	5,917	19,179	3,294	3,825	7,119	26,298
Telephone	3,457	4,145	5,051	12,653	1,848	3,861	5,709	18,362
Postage	2,400	3,919	1,453	7,772	1,647	1,365	3,012	10,784
Insurance	479	593	320	1,392	258	2,302	2,560	3,952
Other expenses	2,205	6,206	14,447	22,858	2,447	9,554	12,001	34,859
<b>Total expenses</b>	<b>\$700,942</b>	<b>\$1,469,563</b>	<b>\$599,785</b>	<b>\$2,770,290</b>	<b>\$152,087</b>	<b>\$208,149</b>	<b>\$360,236</b>	<b>\$3,130,526</b>

See accompanying notes to financial statements.

# The Twenty-First Century Foundation

## Statement of Cash Flows

*Year ended December 31, 2006*

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 636,624
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gains on investments	(24,356)
Donated stock	(26,589)
Increase in:	
Contributions receivable	(274,749)
Prepaid expenses	(956)
Increase in:	
Accounts payable and other liabilities	224,441
Grants payable	168,940
Deferred revenue	759,854
<b>Net cash provided by operating activities</b>	<b>1,463,209</b>
<b>Cash flows from investing activities:</b>	
Proceeds from sale of marketable securities	217,632
Purchase of marketable securities	(232,939)
<b>Net cash used in investing activities</b>	<b>(15,307)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,447,902</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>726,560</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$2,174,462</b>

*See accompanying notes to financial statements.*

# The Twenty-First Century Foundation

## Notes to Financial Statements

- 1. Description of Organization**

The Twenty-First Century Foundation (the “Foundation”) is a nonprofit organization incorporated in the State of Delaware on April 1, 1970, domiciled in the State of New York. The Foundation is a national foundation and public charity that makes grants to advance African-American community revitalization and youth development.
  
- 2. Summary of Significant Accounting Policies**

  - (a) Basis of Presentation*

The financial statements of the Foundation are prepared on the accrual basis.
  
  - (b) Financial Statement Presentation*

The classification of an organization’s net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Income from investment gains and losses, including unrealized gains and losses, dividends, interest and other investments should be reported as increases (or decreases) in unrestricted net assets unless the use of the income received is limited by donor-imposed restrictions.

The classes of net assets are defined as follows:

    - Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

# The Twenty-First Century Foundation

## Notes to Financial Statements

**Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

**Unrestricted** - The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

(c) *Cash and Cash Equivalents*

The Foundation considers all cash and money market accounts and certificates of deposit purchased with a maturity of three months or less to be cash equivalents.

(d) *Investments*

Investments primarily consist of index mutual funds and government securities.

Investments in marketable debt and equity securities are adjusted to their fair market value at the statement of financial position date, resulting in either an unrealized gain or loss.

(e) *Contributions*

Contributions are recorded as revenue when either unsolicited cash is received or when donors make an unconditional promise to give. Promises to give are recorded as revenue when signed pledges are made.

Contributions are classified as either unrestricted, temporarily restricted, or permanently restricted support. Contributions of investments, property and equipment, and works of art are recorded at the fair market value at the time of contribution.

# The Twenty-First Century Foundation

## Notes to Financial Statements

(f) *Expenses*

Operating costs are recorded as expenses when incurred. Grants and related costs are treated as expenses when approved by the Board of Directors.

(g) *Income Taxes*

The Foundation is a charitable organization that is exempt from Federal, state and local income taxes under Section 501(c)(3) of the Code, and therefore has made no provision for income taxes in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code. There was no unrelated business income for 2006.

(h) *Use of Estimates*

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) *Functional Allocation of Expenses*

The costs of providing the various programs and other activities 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.

# The Twenty-First Century Foundation

## Notes to Financial Statements

### 3. Investments, at Fair Value

Investments, at fair value consist of marketable securities as of December 31, 2006 that are diversified into the following categories.

*December 31, 2006*

	Cost	Fair value
Calvert Fund:		
Money market social investment fund	\$ 64,191	\$ 64,191
T.D. Waterhouse:		
Money funds	39,017	39,017
Stocks	26,589	26,768
Mutual funds	629,422	705,757
Fixed income	284,432	291,558
Total	\$1,043,651	\$1,127,291

Net unrealized and realized gains and losses of marketable securities valuation were \$50,945 for the year ended December 31, 2006.

The investments are managed by professional investment advisors and managers.

### 4. Lease Commitments

The Foundation entered into a new agreement for rental of office space at 132 West 112<sup>th</sup> Street, New York, New York under a lease commencing February 1, 2007 and expiring January 31, 2017. In addition, the Foundation has lease commitments for various pieces of equipment. The equipment lease expires in October 2010. Rent and equipment expense, related to the above leases, for the year ended December 31, 2006 was \$22,567.

# The Twenty-First Century Foundation

## Notes to Financial Statements

<i>December 31,</i>	
2007	\$ 82,910
2008	132,920
2009	136,832
2010	140,441
2011	142,492
Thereafter	894,923
<b>Total</b>	<b>\$1,530,518</b>

- 5. Concentration of Credit Risk** The financial instruments that potentially subject the Foundation's concentration of credit risk consist primarily of cash and cash equivalent accounts in financial institutions which, from time to time, exceed the Federal Depository Insurance Coverage ("FDIC") limit. Cash exceeding Federally issued limits totaled \$100,000 as of December 31, 2006.

- 6. Net Assets Released from Restrictions** Temporarily restricted net assets that were released from donor-imposed restrictions by incurring expenses satisfying the Organization's purpose described in Note 1 were \$127,478.

- 7. Temporarily Restricted Net Assets** At December 31, 2006, temporarily restricted net assets consist of the following:

Donor-advised funds	\$416,728
Fiscal sponsorships	42,123
Giving circles	19,400
Special initiatives	187,649
	<b>\$665,900</b>

# The Twenty-First Century Foundation

## Notes to Financial Statements

8. **Permanently Restricted Net Assets** Donor restricted contributions held in perpetuity, the income from which is expendable, are as follows:

Robert E. Browne Family Fund	\$ 59,964
Wall Street Friends Family Fund	71,088
	<u>\$131,052</u>

9. **Reclassification of Beginning Net Assets** The net assets of the Foundation as of December 31, 2005 were reclassified to correctly reflect the satisfaction of restrictions of certain contributions as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Net assets at December 31, 2005, as previously reported	\$1,350,125	\$215,087	\$ -	\$1,565,212
Reclassification of net assets	(223,898)	100,351	123,547	-
Net assets at December 31, 2005, as reclassified	<u>\$1,126,227</u>	<u>\$315,438</u>	<u>\$123,547</u>	<u>\$1,565,212</u>