

LEAP, Inc.
d/b/a Brooklyn Workforce
Innovations

Financial Statements

June 30, 2020

Independent Auditors' Report

Board of Directors LEAP, Inc. d/b/a Brooklyn Workforce Innovations

We have audited the accompanying financial statements of LEAP, Inc. d/b/a Brooklyn Workforce Innovations ("LEAP"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses 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 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 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 LEAP as of June 30, 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.

Report on Summarized Comparative Information

We have previously audited LEAP's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

December 7 , 2020

LEAP, Inc.
d/b/a Brooklyn Workforce Innovations

Statement of Financial Position
June 30, 2020
(with comparative amounts at June 30, 2019)

	2020	2019
ASSETS		
Current Assets		
Cash	\$ 1,655,918	\$ 1,316,121
Accounts receivable	79,884	140,439
Grants receivable	1,504,766	1,702,880
Prepaid insurance	54,613	57,786
Total Current Assets	3,295,181	3,217,226
Leasehold improvements, equipment and fixtures, net	645,834	276,450
Security deposits and other	60,828	57,996
	\$ 4,001,843	\$ 3,551,672
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 198,792	\$ 353,254
Accrued expenses	188,628	159,085
Paycheck Protection Program loan	533,300	-
Total Current Liabilities	920,720	512,339
Net Assets		
Without donor restriction	3,005,192	2,918,424
With donor restriction	75,931	120,909
Total Net Assets	3,081,123	3,039,333
	\$ 4,001,843	\$ 3,551,672

See notes to financial statements

LEAP, Inc.
d/b/a Brooklyn Workforce Innovations

Statement of Activities
Year Ended June 30, 2020
(with summarized amounts for year ended June 30, 2019)

	2020			2019 Total
	Without donor Restriction	With donor Restriction	Total	
REVENUE AND SUPPORT				
Government grants	\$ 1,083,402	\$ -	\$ 1,083,402	\$ 1,308,259
Contributions - foundations/ trusts	3,152,500	120,000	3,272,500	3,380,073
Contributions - corporations	540,380	-	540,380	532,500
Contributions - individuals	225,671	-	225,671	186,675
Program services	70,726	-	70,726	107,927
In-kind contributions	89,904	-	89,904	82,500
Subcontract income - affiliate	103,670	-	103,670	46,242
Special event revenue	-	-	-	116,492
Interest and other	9,598	-	9,598	12,062
Net assets released from restrictions	164,978	(164,978)	-	-
Total Revenue and Support	<u>5,440,829</u>	<u>(44,978)</u>	<u>5,395,851</u>	<u>5,772,730</u>
EXPENSES				
Program	4,502,507	-	4,502,507	4,654,288
Management and general	492,158	-	492,158	497,452
Fundraising	359,396	-	359,396	382,652
Total Expenses	<u>5,354,061</u>	<u>-</u>	<u>5,354,061</u>	<u>5,534,392</u>
Change in Net Assets	86,768	(44,978)	41,790	238,338
NET ASSETS				
Beginning of year	<u>2,918,424</u>	<u>120,909</u>	<u>3,039,333</u>	<u>2,800,995</u>
End of year	<u>\$ 3,005,192</u>	<u>\$ 75,931</u>	<u>\$ 3,081,123</u>	<u>\$ 3,039,333</u>

See notes to financial statements

LEAP, Inc.
d/b/a Brooklyn Workforce Innovations

Statement of Functional Expenses
Year Ended June 30, 2020
(with summarized totals for year ended June 30, 2019)

	2020					2019 Total	
	Sector Based Training Programs	Other Programs	Total Program	Management and General	Fundraising		Total
PERSONNEL EXPENSES							
Salaries	\$ 1,567,315	\$ 391,799	\$ 1,959,114	\$ 109,668	\$ 237,713	\$ 2,306,495	\$ 2,253,477
Contributed services - salaries	-	86,904	86,904	-	-	86,904	82,500
Payroll taxes and fringe benefits	489,122	115,271	604,393	45,805	60,775	710,973	675,302
Total Personnel Expenses	<u>2,056,437</u>	<u>593,974</u>	<u>2,650,411</u>	<u>155,473</u>	<u>298,488</u>	<u>3,104,372</u>	<u>3,011,279</u>
OTHER THAN PERSONNEL EXPENSES							
Administration	22,486	-	22,486	71,292	-	93,778	104,669
Consultants	44,209	17,595	61,804	13,254	4,738	79,796	70,955
Occupancy costs	508,784	50,803	559,587	36,670	11,283	607,540	529,999
Depreciation and amortization	-	-	-	63,042	-	63,042	28,841
Program Expense	841,689	110,397	952,086	3,562	2,464	958,112	1,354,196
Equipment, furniture and fixtures	9,274	1,755	11,029	3,259	1,504	15,792	20,976
Payroll processing and bank charges	36	4	40	17,184	1,662	18,886	17,662
Registration and fees	2,400	-	2,400	363	-	2,763	2,311
Insurance	-	-	-	17,318	-	17,318	13,192
Maintenance, repairs and cleaning	10,209	771	10,980	643	386	12,009	9,216
Office supplies and printing	33,890	12,592	46,482	8,583	876	55,941	42,042
Memberships and subscriptions	1,016	-	1,016	2,191	90	3,297	2,359
Books and references	-	-	-	-	-	-	60
Professional fees, including donated services	10,002	-	10,002	67,482	-	77,484	83,826
Advertising, website and events	23,423	2,042	25,465	7,506	11,180	44,151	43,752
Utilities	31,912	1,919	33,831	1,478	924	36,233	36,871
Telephone, internet and postage	25,419	7,471	32,890	10,356	3,311	46,557	47,537
Software purchase and support	6,280	1,024	7,304	853	9,055	17,212	11,082
Conference, travel and training	19,631	9,787	29,418	11,649	2,331	43,398	60,927
Bad debt expense	12,913	-	12,913	-	-	12,913	7,736
Wage subsidy expense	-	32,363	32,363	-	-	32,363	5,171
Direct Fundraising events	-	-	-	-	11,104	11,104	29,733
Total Other Than Personnel Expenses	<u>1,603,573</u>	<u>248,523</u>	<u>1,852,096</u>	<u>336,685</u>	<u>60,908</u>	<u>2,249,689</u>	<u>2,523,113</u>
Total Expenses	<u>\$ 3,660,010</u>	<u>\$ 842,497</u>	<u>\$ 4,502,507</u>	<u>\$ 492,158</u>	<u>\$ 359,396</u>	<u>\$ 5,354,061</u>	<u>\$ 5,534,392</u>

See notes to financial statements

LEAP, Inc.
d/b/a Brooklyn Workforce Innovations

Statement of Cash Flows
Year Ended June 30, 2020
(with comparative totals for year ended June 30, 2019)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 41,790	\$ 238,338
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	63,042	28,841
Bad debt expense	12,913	7,736
Changes in operating assets and liabilities		
Accounts receivable	47,642	15,852
Grants receivable	198,114	44,105
Grants receivable, related parties	-	26,200
Prepaid insurance	3,173	(46,970)
Security deposits	(2,832)	(12,393)
Accounts payable	(154,462)	140,421
Accrued expenses	29,543	4,087
Net Cash from Operating Activities	238,923	446,217
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and fixtures	(432,426)	(260,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	533,300	-
Net Change in Cash	339,797	186,050
CASH		
Beginning of year	1,316,121	1,130,071
End of year	\$ 1,655,918	\$ 1,316,121

See notes to financial statements

LEAP, Inc.
d/b/a Brooklyn Workforce Innovations

Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Tax Status

LEAP, Inc. (“LEAP”) d/b/a Brooklyn Workforce Innovations (“BWI”) is a not-for-profit organization that works to empower low and moderate income individuals by creating living wage employment opportunities and access to career paths. LEAP creates access to stable, long term employment through job training and placement programs. LEAP is a controlled affiliate of Fifth Avenue Committee, Inc. (“FAC”). FAC has a one class membership interest in LEAP under section 803 of the Not-For-Profit-Corporation Law.

LEAP is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

LEAP, as BWI, offers a comprehensive model of workforce development services. Applicants are carefully screened, and accepted beneficiaries receive rigorous skills training in programs with employer vetted curricula leading to industry recognized skill sets and/or certifications, followed by job placement assistance and career advancement support for at least two years. BWI offers an array of skills-based trainings including:

- Red Hook on the Road (“RHOR”) is BWI’s commercial driving training program. This four-week program prepares participants for jobs as drivers of “Class B/BPS” commercial vehicles including trucks, school buses, coach or charter buses, airport shuttle buses and Access-A-Ride and other para-transit vehicles. The course consists of industry-specific skills, such as map-reading and behind the wheel instruction, as well as job readiness and soft skills, such as mock interviews and customer service skills training. In fiscal year 2020, BWI enrolled 188 individuals into training, graduating 99%. So far, 77% of graduates have obtained CDL certification and 87% of those licensed have been connected to employment. Starting wages for working graduates are \$20.06/hour, on average.
- NYCHA Resident Training Academy (“NRTA”) trains residents of public housing for employment with the New York City Housing Authority (“NYCHA”). The program’s training combines job readiness and workplace safety with hands-on skills training and practice in specific sectors, including entry-level caretaking of public housing developments and grounds. In fiscal year 2020, this program enrolled 248 individuals, graduating 92% of those enrolled. Thus far, 89% of graduates have been placed into jobs, earning \$15.57 on average

LEAP, Inc.
d/b/a Brooklyn Workforce Innovations

Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Tax Status (continued)

- "Made in NY" Production Assistant Training Program connects underrepresented New Yorkers with careers in TV and film production through hands-on training. The program is offered in partnership with the NYC Mayor's Office of Media and Entertainment. Participants learn set and office production assistant skills and are placed in jobs on feature films, episodic and reality TV, commercials, music videos and other productions. Annually, positions for graduates of the "Made in NY" PA program are plentiful, and wages are strong and rising. In fiscal year 2020, this program enrolled 63 individuals, graduating 87%. Thus far, 95% of graduates have been connected to employment and are earning an average of \$22.33/hour.
- The "Made in NY" Post Production Training Program, launched in May 2017, provides participants with the contextualized job readiness, hands-on skills training, job placement and support required to start a career in post production. The training leads to certification by the New York City Mayor's Office of Film, Theatre and Broadcasting. Training also includes: job readiness including on-camera mock interviews; job placement assistance; soft skills; vocational support/counseling; benefits counseling/support and computer literacy. In fiscal year 2020, this program enrolled 43 individuals, graduating 100% and thus far placing 64% of graduates in jobs earning \$21.57/hour.
- Brooklyn Networks is BWI's six-week tele-data cable installation training program. Brooklyn Networks trains low-income individuals for upwardly-mobile jobs installing and maintaining computer, voice, data, video and security system cabling. Utilizing a custom-built telecommunications lab located at the New York City College of Technology, the program provides targeted skills training combining the industry-accepted Building Industry Consulting Service International ("BICSI") certification with customer service skills, vocational counseling and job readiness training. In fiscal year 2020, Brooklyn Networks enrolled 60 individuals, graduated 88% of them, and so far have placed 79% of graduates in jobs with an average starting salary of \$19.00 per hour.
- Brooklyn Woods is a seven-week training program that teaches shop production, wood technology, finishing techniques, cabinet installation, mechanical drawing, and the safe use and proper care of hand and power tools in a custom-built woodworking shop. Trainees work on evaluated projects such as a cutting board and cabinets, using various construction methods, and receive an introduction to reading shop drawings, spray finishing, and cabinet installation. Graduates are placed in jobs at large and small woodworking shops, construction and home renovation companies, home improvement stores and real estate property management firms. In fiscal 2020, the program enrolled 52 individuals, graduated 94%, and so far has placed 59% of graduates in jobs with an average starting salary of \$17.05 per hour.

LEAP, Inc.
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Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Tax Status (*continued*)

- New York Drives (“NYD”) is BWI's multi-sector credential-based program. New York Drives provides jobseekers with the skills and opportunity to secure their New York State Driver’s License and expand their professional development skills, removing a critical, largely invisible barrier to the workforce that young New Yorkers often face. Graduates are connected to BWI’s “Made in NY” PA program, followed by placement in the television and film production industry, where a driver’s license is a critical credential. In FY20, New York Drives enrolled 34 individuals into training and graduated 81%. Thus far, 35% of graduates have connected to employment, earning an average of \$19.96/hour.

- The Brooklyn Workforce Collaboration is a workforce development partnership that helps unemployed and low-income New Yorkers access jobs created locally, particularly with industrial businesses along the Brooklyn waterfront. BWI is the lead partner and is providing employer-customized, rigorous workforce development training, career development and support services to employers in this growing area. The Collaboration uses an integrated strategy of employer-customized soft and technical skills training, pre-screening and assessment; sector-based skills training; incumbent worker training; long-term job placement and career counseling support; and access to social supports and retention services. In fiscal year 2020, the program served 33 individuals and graduated 97% of those enrolled. Thus far, 88% of graduates have been placed in job earning an average of \$18.27 on average.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

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”), 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

LEAP, Inc.
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Notes to Financial Statements
June 30, 2020 and 2019

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

Change in Accounting Principle

Revenue from Contracts with Customers

Effective July 1, 2019, LEAP adopted Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customers, as amended. The guidance 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.

Analysis of various provisions of this standard resulted in no significant changes in the way LEAP recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. When revenue is earned over a period that spans the year end, it is recognized in the applicable period in which it is earned. The new guidance requires LEAP to not recognize revenue until it is probable of collection. Based on LEAP’s strong collection experience, LEAP has concluded that all revenue recognized is probable of collection.

Recognition of Contributions

Effective July 1, 2019, LEAP adopted ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way LEAP recognizes grants and contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

LEAP, Inc.
d/b/a Brooklyn Workforce Innovations

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Net Asset Presentation

LEAP reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions – consist of resources available for the general support of LEAP’s operations. Net assets without donor restrictions may be used at the discretion of LEAP’s management and Board of Directors.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require LEAP to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Income and gains earned on endowment fund investments are available to be used in the “without donor restrictions” or “with donor restrictions” net asset classes based upon stipulations by the donors. At June 30, 2020 and 2019, LEAP has no net assets with donor restrictions that are perpetual in nature.

Allowance for Doubtful Accounts

LEAP evaluates the collectability of receivables based on a combination of factors. Where management is aware of a customer’s inability to meet its financial obligation, a reserve for the potential bad debt to reduce the receivable to the estimated realizable value is recorded. Past due status is based on how recently payments have been received. An allowance for doubtful accounts was not necessary at June 30, 2020 and 2019.

Leasehold Improvements, Equipment and Fixtures

Leasehold improvements, equipment and fixtures are stated at cost. Depreciation of equipment and fixtures is computed on the straight-line basis over its useful life. Amortization of leasehold improvements is computed on a straight-line basis over the term of the operating lease or life of the asset, whichever is shorter.

The estimated useful lives by asset class are as follows:

	<u>Useful Life</u>
Equipment and fixtures	3-5 years
Leasehold improvements	10 years

LEAP, Inc.
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Notes to Financial Statements
June 30, 2020 and 2019

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

Revenue Recognition

Contributions are recorded when an unconditional promise to give is received. Contributions received are recorded as with or without donor restriction depending on the existence or nature of any donor imposed stipulations.

Conditional contributions and grants are recognized as revenue when the conditions on which they depend have been substantially met.

Fees received for program services are recognized as the services are performed or expenditures are incurred.

Grant revenue is recognized when related expenditures under the agreements are incurred.

In-kind Contributions

Contributed services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions are reflected in the accompanying statement of activities at their fair value at the time the services are rendered.

Allocation of Expenses

Expenses are charged directly to program or support service categories based on specific identification of expenses. Common expenses are allocated on an equitable basis to all programs and support services based on management's estimates.

Accounting for Uncertainty in Income Taxes

LEAP recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that LEAP had no uncertain tax positions that would require financial statement recognition or disclosure. LEAP is no longer subject to examinations by the applicable taxing jurisdictions for tax periods prior to June 30, 2017.

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 statements were available to be issued, which date is December 7, 2020.

LEAP, Inc.
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Notes to Financial Statements
June 30, 2020 and 2019

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

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with LEAP's financial statements as of and for the year ended June 30, 2019, from which the summarized information was derived.

3. Concentration of Credit Risk

Financial instruments that potentially subject LEAP to significant concentrations of credit risk consist principally of cash and grants receivables. LEAP maintains its cash with three financial institutions, which at times, may be in excess of federally insured limits. LEAP has not experienced any losses on its cash accounts.

A concentration of credit risk exists with respect to grant receivables from one source which represented 33% and 38% of the total grants receivable as of June 30, 2020 and 2019. Receivables are expected to be collected in the normal course of business.

4. Transactions with Affiliated Companies

Operating expenses incurred by LEAP on behalf of FAC are billed to FAC and are reported as subcontract income on the statement of activities, which amounted to \$103,670 and \$46,242 for the years ended June 30, 2020 and 2019.

Operating expenses paid for by FAC on behalf of LEAP resulted in billings to LEAP totaling approximately \$396,000 and \$399,000 for the years ended June 30, 2020 and 2019. This includes rent expense of approximately \$140,000 and \$135,000 for the years ended June 30, 2020 and 2019.

5. Pension Plan

LEAP has a Simplified Employee Pension Plan (the "Plan"), which is a defined contribution plan. LEAP made contributions of \$72,016 and \$72,990 to the Plan for the years ended June 30, 2020 and 2019.

LEAP, Inc.
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Notes to Financial Statements
June 30, 2020 and 2019

6. Leasehold Improvements, Equipment and Fixtures

Leasehold improvements, equipment and fixtures as of June 30 consist of the following:

	2020	2019
Equipment and fixtures	\$ 420,346	\$ 367,252
Leasehold improvements	1,323,465	944,133
	1,743,811	1,311,385
Accumulated depreciation and amortization	(1,097,977)	(1,034,935)
	\$ 645,834	\$ 276,450

7. Paycheck Protection Program Loan

On April 28, 2020, LEAP was granted a loan (the "Loan") from Pursuit BDC in the aggregate amount of \$533,300, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act (the "CARES Act"), which was enacted March 27, 2020. The Loan bears interest at a rate of 1.0% per annum, with a deferral of payments for the first six months, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The Loan may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the PPP, some or all of the Loan may be forgiven if the proceeds are used for qualifying expenses as described in the CARES Act. To the extent that all or part of the Loan is not forgiven, LEAP will be required to pay interest on the Loan through the date principal is repaid in full or maturity date. LEAP believes that it has used the entire Loan amount for qualifying expenses and as such anticipates that substantially all of the loan amount will be forgiven upon completing the forgiveness application process.

8. Commitments and Contingencies

LEAP leases commercial office space under the terms of three operating leases which expire during various years through 2029. Rent expense for the years ended June 30, 2020 and 2019 was approximately \$600,000 and \$530,000.

Minimum required lease payments for the years ending June 30, are as follows:

2021	\$ 455,702
2022	211,420
2023	179,760
2024	69,879
2025	78,029
Thereafter	313,809
	\$ 1,308,599

LEAP, Inc.
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Notes to Financial Statements
June 30, 2020 and 2019

9. Net Assets with Donor Restriction

Changes in net assets with donor restriction consist of the following for the years ended June 30, 2020 and 2019:

<u>Purpose/ Restriction</u>	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance June 30, 2020</u>
COVID-19 Relief Grant	\$ -	\$ 5,000	\$ (5,000)	\$ -
Workforce Collaboration	88,814	115,000	(127,883)	75,931
Support to Training Graduates	-	-	-	-
Equipment	10,000	-	(10,000)	-
CDL Bridge Program	22,095	-	(22,095)	-
	<u>\$ 120,909</u>	<u>\$ 120,000</u>	<u>\$ (164,978)</u>	<u>\$ 75,931</u>

<u>Purpose/ Restriction</u>	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance June 30, 2019</u>
Program Planning	\$ 14,418	\$ -	\$ (14,418)	\$ -
Brooklyn Woods	1,000	14,000	(15,000)	-
Red Hook on the Road & Brooklyn Networks	-	50,000	(50,000)	-
Workforce Collaboration	62,489	175,000	(148,675)	88,814
Support to Training Graduates	1,600	-	(1,600)	-
Equipment	-	10,000	-	10,000
Enhance Marketing and Communications	-	48,573	(26,478)	22,095
	<u>\$ 79,507</u>	<u>\$ 297,573</u>	<u>\$ (256,171)</u>	<u>\$ 120,909</u>

LEAP, Inc.
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Notes to Financial Statements
June 30, 2020 and 2019

10. Liquidity and Availability of Resources

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use within one year of the statements of financial position date, is comprised of the following:

	2020	2018
Financial Assets at Year-End		
Cash and cash equivalents	\$ 1,655,918	\$ 1,316,121
Accounts receivables	79,884	140,439
Grants receivable	1,504,766	1,702,880
Total Financial Assets	3,240,568	3,159,440
Less amounts unavailable for general expenditure:		
Restricted by donors with purpose restrictions	(75,931)	(120,909)
Financial Assets at Year End Available to Meet Cash Need for General Expenditures Within One Year	\$ 3,164,637	\$ 3,038,531

As part of its liquidity risk management, LEAP maintains a cash balance to ensure it is available as its general expenditures, liabilities, and obligations come due within one year. In addition, LEAP monitors the status and collectability of its accounts receivables on a regular basis.

11. Economic Dependency

Funding from one source amounted to approximately 35% and 32% of total revenue and support for the years ended June 30, 2020 and 2019. LEAP is economically dependent on these funds to maintain the current level of operations.

12. Risks and Uncertainties

LEAP's operations and financial performance may be affected by the recent COVID-19 outbreak, which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, LEAP may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in federal, state and local grant funding, and reductions in contributions related to a decrease in discretionary income of potential donors. The outbreak may adversely affect LEAP's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes that LEAP is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

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