

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

Financial Statements

June 30, 2023

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements..

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LEAP as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LEAP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LEAP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LEAP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LEAP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited LEAP's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 29, 2023

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

Statement of Financial Position
June 30, 2023
(with comparative amounts at June 30, 2022)

	2023	2022
ASSETS		
Current Assets		
Cash	\$ 3,261,971	\$ 2,988,782
Accounts receivable	346,158	200,102
Grants receivable	1,443,579	1,267,892
Prepaid insurance	12,654	12,167
Total Current Assets	5,064,362	4,468,943
Leasehold improvements, equipment and fixtures, net	406,981	478,296
Right of use asset, net	1,419,770	1,382,565
Security deposits and other	75,234	70,873
	\$ 6,966,347	\$ 6,400,677
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 195,494	\$ 301,572
Accrued expenses	308,111	291,609
Total Current Liabilities	503,605	593,181
Lease liabilities	1,467,591	1,385,688
Total Liabilities	1,971,196	1,978,869
Net Assets		
Without donor restriction	4,681,042	4,313,317
With donor restriction	314,109	108,491
Total Net Assets	4,995,151	4,421,808
	\$ 6,966,347	\$ 6,400,677

See notes to financial statements

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

Statement of Activities
Year Ended June 30, 2023
(with summarized amounts for year ended June 30, 2022)

	2023			2022 Total
	Without donor Restriction	With donor Restriction	Total	
REVENUE AND SUPPORT				
Government grants	\$ 1,156,848	\$ -	\$ 1,156,848	\$ 1,392,412
Contributions - foundations/ trusts	3,270,000	1,045,000	4,315,000	3,254,000
Contributions - corporations	1,111,790	-	1,111,790	685,652
Contributions - individuals	224,522	-	224,522	264,107
Program services	287,333	-	287,333	193,075
In-kind contributions	96,352	-	96,352	86,904
Subcontract income - affiliate	116,090	-	116,090	173,507
Special event revenue	123,276	-	123,276	122,600
Interest and other	16,855	-	16,855	13,161
Net assets released from restrictions	<u>839,382</u>	<u>(839,382)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>7,242,448</u>	<u>205,618</u>	<u>7,448,066</u>	<u>6,185,418</u>
EXPENSES				
Program	5,800,356	-	5,800,356	4,850,756
Management and general	548,852	-	548,852	477,153
Fundraising	<u>525,515</u>	<u>-</u>	<u>525,515</u>	<u>463,309</u>
Total Expenses	<u>6,874,723</u>	<u>-</u>	<u>6,874,723</u>	<u>5,791,218</u>
Change in Net Assets	367,725	205,618	573,343	394,200
NET ASSETS				
Beginning of year	<u>4,313,317</u>	<u>108,491</u>	<u>4,421,808</u>	<u>4,027,608</u>
End of year	<u>\$ 4,681,042</u>	<u>\$ 314,109</u>	<u>\$ 4,995,151</u>	<u>\$ 4,421,808</u>

See notes to financial statements

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

Statement of Functional Expenses
Year Ended June 30, 2023
(with summarized totals for year ended June 30, 2022)

	2023						2022
	Sector Based Training Programs	Other Programs	Total Program	Management and General	Fundraising	Total	Total
PERSONNEL EXPENSES							
Salaries	\$ 1,722,635	\$ 836,397	\$ 2,559,032	\$ 152,220	\$ 320,269	\$ 3,031,521	\$ 2,570,281
Contributed services - salaries	14,453	81,899	96,352	-	-	96,352	86,903
Payroll taxes and fringe benefits	468,513	212,958	681,471	52,027	91,177	824,675	699,001
Total Personnel Expenses	<u>2,205,601</u>	<u>1,131,254</u>	<u>3,336,855</u>	<u>204,247</u>	<u>411,446</u>	<u>3,952,548</u>	<u>3,356,185</u>
OTHER THAN PERSONNEL EXPENSES							
Administration	105,818	41,585	147,403	23,296	5,817	176,516	99,546
Consultants	55,545	29,734	85,279	3,613	10,333	99,225	87,069
Occupancy costs	402,407	188,531	590,938	101,785	10,564	703,287	641,872
Depreciation and amortization	-	-	-	75,898	-	75,898	82,843
Program expense	823,778	311,024	1,134,802	1,805	-	1,136,607	905,812
Equipment, furniture and fixtures	10,883	3,500	14,383	3,903	-	18,286	21,536
Payroll processing and bank charges	28,362	17,844	46,206	6,794	6,758	59,758	31,265
Registration and fees	-	-	-	742	-	742	1,148
Insurance	-	3,500	3,500	16,834	-	20,334	16,013
Maintenance, repairs and cleaning	33,355	2,552	35,907	1,868	-	37,775	28,436
Office supplies and printing	54,682	19,038	73,720	3,948	4,438	82,106	50,015
Memberships and subscriptions	234	-	234	9,431	975	10,640	6,430
Professional fees, including donated services	6,000	18,000	24,000	47,157	-	71,157	57,240
Advertising, website and events	18,391	11,438	29,829	7,371	21,673	58,873	49,376
Utilities	21,921	19,600	41,521	1,689	1,056	44,266	41,474
Telephone, internet and postage	28,002	12,635	40,637	4,392	3,139	48,168	44,825
Software purchase and support	97,521	29,178	126,699	16,166	7,619	150,484	189,751
Conference, travel and training	19,611	29,696	49,307	17,913	600	67,820	43,848
Bad debt expense	3,040	-	3,040	-	-	3,040	1,000
Wage subsidy expense	-	16,096	16,096	-	-	16,096	-
Direct fundraising events	-	-	-	-	41,097	41,097	35,534
Total Other Than Personnel Expenses	<u>1,709,550</u>	<u>753,951</u>	<u>2,463,501</u>	<u>344,605</u>	<u>114,069</u>	<u>2,922,175</u>	<u>2,435,033</u>
Total Expenses	<u>\$ 3,915,151</u>	<u>\$ 1,885,205</u>	<u>\$ 5,800,356</u>	<u>\$ 548,852</u>	<u>\$ 525,515</u>	<u>\$ 6,874,723</u>	<u>\$ 5,791,218</u>

See notes to financial statements

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

Statement of Cash Flows
Year Ended June 30, 2023
(with comparative amounts for year ended June 30, 2022)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 573,343	\$ 394,200
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	75,898	82,843
Non cash lease expense	366,342	3,123
Bad debt expense	3,040	1,000
Paycheck Protection Program loan forgiveness	-	(533,300)
Changes in operating assets and liabilities		
Accounts receivable	(149,096)	(17,769)
Grants receivable	(175,687)	197,637
Prepaid insurance	(487)	26,437
Security deposits	(4,361)	(9,964)
Accounts payable	(106,078)	96,673
Accrued expenses	16,502	98,074
Operating lease liability	(321,644)	-
Net Cash from Operating Activities	277,772	338,954
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and fixtures	(4,583)	-
Net Change in Cash	273,189	338,954
CASH		
Beginning of year	2,988,782	2,649,828
End of year	\$ 3,261,971	\$ 2,988,782
NON-CASH INVESTING AND OPERATING ACTIVITY		
Acquisition of right-of-use operating lease asset through right-of-use operating liability	\$ 403,547	\$ 1,385,688

See notes to financial statements

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

Notes to Financial Statements
June 30, 2023 and 2022

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 federal 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 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 2023, BWI enrolled 187 individuals into training, graduating 92%. So far, 81% of graduates have obtained CDL certification and 77% of those licensed have been connected to employment. Starting wages for working graduates are \$23.98/hour, on average.
- Brooklyn Networks is BWI’s information and communications technology program, which offers access to jobs installing and maintaining computer, voice, data, video, and security system cabling. This six-week, full-time training program is led by industry experts and served 61 individuals in 2023, graduating 89% of enrollees. Graduates have the opportunity to obtain their industry-recognized Building Industry Consulting Service International (“BICSI”) certification and quickly begin work in the field. Last year, BWI placed 80% of graduates into jobs earning an average of \$20.17/hour.
- Brooklyn Woods trains New Yorkers for careers in woodworking and fabrication. Through seven weeks of classroom and hands-on training, graduates learn shop production, wood technology, finishing techniques, cabinet installation, mechanical drawing, and the safe use and proper care of hand and power tools in BWI’s custom-built woodworking shop. 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. Brooklyn Woods also operates a cabinet-building social enterprise which offers employment opportunities to recent graduates. In 2023, Brooklyn Woods enrolled 70 participants, graduating 83%. Thus far, 60% of graduates have been placed in jobs in the sector earning \$22.93, on average.

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

Notes to Financial Statements
June 30, 2023 and 2022

1. Organization and Tax Status (*continued*)

- The “Made in NY” Production Assistant (“PA”) training program connects underrepresented New Yorkers with careers in TV and film production through hands-on training. The intensive four-week 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. In 2023, this program enrolled 74 individuals, graduating 95%. Thus far, 80% of graduates have been connected to employment and are earning an average of \$23.84/hour. The nationwide writers (“WGA”) and actors (“SAG-AFTRA”) strikes have impacted 2023 placements for this program, but now that the strikes are resolved robust hiring in NYC has resumed.
- The “Made in NY” Post Production Program offers five weeks of training on industry-standard post production software and certification by the New York City Mayor’s Office of Media and Entertainment. The program prepares graduates each year for entry-level positions at post production companies. Entry-level positions often lead to exposure to more technical facets of post production and can help establish a pathway to a more specialized role in the field. In 2023, this program enrolled 46 individuals, graduating 96% and thus far placing 64% of graduates in jobs earning \$22.65/hour. Similar to the Production Assistant training program, the WGA and SAG-AFTRA strikes impacted placements for this program, but NYC is projecting persistently strong hiring demand within the sector now that the strike is resolved.
- BWI’s New York City Housing Authority (“NYCHA”) Resident Training Academy prepares public housing residents for careers with NYCHA. Trainees participate in up to six weeks of training for various employment opportunities on NYCHA developments throughout the five boroughs, including caretaker and construction related roles. Positions with NYCHA offer opportunities for advancement and excellent benefits. In 2023, this program enrolled 276 individuals, graduating 93% of those enrolled. Thus far, 89% of graduates have been placed into jobs, earning \$15.89, on average.
- The Brooklyn Workforce Collaboration is BWI’s employer-customized training program that offers training tailored to specific hiring demands, with a particular focus on growing sectors of New York City’s economy. Training programs are developed based on specific employer demand. BWI has piloted successful training programs in preparation for roles in the affordable housing industry, solar installation, and tech sectors roles. In 2023, the program served 115 individuals and graduated 88% of those enrolled. Thus far, 84% of graduates have been placed in jobs earning an average of \$21.38.

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

Notes to Financial Statements
June 30, 2023 and 2022

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. Some of the more significant estimates required to be made by management include depreciation expense.

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, 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 statements of activities as net assets released from restrictions. At June 30, 2023 and 2022, 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. Management determined that an allowance for doubtful accounts was not necessary at June 30, 2023 and 2022.

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:

Equipment and fixtures	3-5 years
Leasehold improvements	10 years

LEAP, Inc.
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Notes to Financial Statements
June 30, 2023 and 2022

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

Contributions of nonfinancial assets are recorded as income and expenses at the time the items are received, which is also the time they are placed into service. Contributed services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated professional services are reflected in the accompanying statements of activities at their fair value at the time the services are rendered estimated based on current rates of services provided by the vendor.

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.

Advertising Costs

Advertising costs are expensed as incurred. Such costs were \$35,920 and \$30,528 for the years ended June 30, 2023 and 2022.

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 years prior to June 30, 2020.

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

Notes to Financial Statements
June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Operating Leases

As of July 1, 2021, LEAP leases various office space under operating lease agreements through March 2029. Operating leases are included in right of use operating lease asset and operating lease liability in the accompanying statements of financial position. Right of use asset represents the right of use of an underlying asset for the lease term and lease liability represents the obligation to make lease payments arising from the lease. Operating lease right of use asset and liability are recognized at the lease commencement date based on the present value of lease payments over the lease terms. The operating lease right of use asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that LEAP will exercise the option. Lease expense for lease payments is recognized on a straight-line basis over the lease terms. LEAP's lease agreements do not provide an implicit borrowing rate. LEAP uses risk-free rates based on the information available at the commencement date in determining the present value of the lease payments. LEAP's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

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 November 29, 2023.

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, 2022, 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 primarily of cash and grants receivable. LEAP maintains its cash accounts at financial institutions, which at times, may be in excess of federally insured limits. At June 30, 2023 and 2022, \$3,195,794 and \$2,751,148 of cash was maintained with an institution in excess of Federal Deposit Insurance Corporation limits. LEAP has not experienced any losses on its cash accounts.

A concentration of credit risk exists with respect to grants receivable from one source, which represented 40% and 44% of the total grants receivable at June 30, 2023 and 2022. Receivables are expected to be collected in the normal course of business.

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

Notes to Financial Statements
June 30, 2023 and 2022

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 statements of activities, which amounted to \$116,090 and \$173,507 for the years ended June 30, 2023 and 2022. At June 30, 2023 and 2022, \$60,462 was due from FAC, which is included in accounts receivable on the statement of financial position.

Operating expenses paid for by FAC on behalf of LEAP resulted in billings to LEAP totaling approximately \$399,000 and \$381,000 for the years ended June 30, 2023 and 2022. This includes rent expense of approximately \$146,000 and \$149,000 for the years ended June 30, 2023 and 2022.

5. Pension Plan

LEAP has a Simplified Employee Pension Plan (the “Plan”), which is a defined contribution plan. LEAP made contributions of \$105,304 and \$91,989 to the Plan for the years ended June 30, 2023 and 2022.

6. Leasehold Improvements, Equipment and Fixtures

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

	<u>2023</u>	<u>2022</u>
Equipment and fixtures	\$ 424,929	\$ 420,346
Leasehold improvements	<u>1,323,465</u>	<u>1,323,465</u>
	1,748,394	1,743,811
Accumulated depreciation and amortization	<u>(1,341,413)</u>	<u>(1,265,515)</u>
	<u>\$ 406,981</u>	<u>\$ 478,296</u>

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 (“SBA”). 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.

During the year ended June 30, 2022, the full loan amount of \$533,300 was forgiven and is shown in government grants on the statements of activities.

LEAP, Inc.
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Notes to Financial Statements
June 30, 2023 and 2022

8. Lease Commitments

LEAP leases commercial office space under the terms of three operating leases which expire during various years through 2029. At June 30, 2023, assets recorded under operating leases are \$2,176,074 and accumulated amortization associated with operating leases is \$756,304.

Operating lease expense	\$ 501,096
Supplemental cash flow information	
Operating cash flows from operating leases	\$ 463,939
Weighted-average remaining lease term in years for operating leases	3.56
Weighted-average discount rate for operating leases	2.88%

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

2024	\$	494,486
2025		474,940
2026		347,271
2027		82,984
2028		85,472
Thereafter		58,112
Total undiscounted cash flows		1,543,265
Less: present value discount		(75,674)
Total lease liabilities		\$ 1,467,591

Rent expense for the years ended June 30, 2023 and 2022 was approximately \$620,000 and \$642,000.

LEAP, Inc.
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Notes to Financial Statements
June 30, 2023 and 2022

9. Net Assets With Donor Restriction

Change in net assets with donor restriction consists of the following for the years June 30:

Purpose/ Restriction	2023			
	Balance			Balance
	June 30, 2022	Additions	Releases	June 30, 2023
Workforce Collaboration	\$ 108,491	\$ 255,000	\$(210,597)	\$ 152,894
Woodworker Training	-	-	-	-
CDL Training	-	200,000	(200,000)	-
Made in NY Training Program	-	90,000	(90,000)	-
Services to NYCHA Residents	-	40,000	(40,000)	-
Capital Support - Technology	-	10,000	(10,000)	-
Direct Support to Beneficiaries	-	50,000	(50,000)	-
Services to Young Adults	-	150,000	-	150,000
Tech Training (KindWork)	-	250,000	(238,785)	11,215
	\$ 108,491	\$ 1,045,000	\$(839,382)	\$ 314,109

Purpose/ Restriction	2022			
	Balance			Balance
	June 30, 2021	Additions	Releases	June 30, 2022
Workforce Collaboration	\$ 93,098	\$ 205,000	\$(189,607)	\$ 108,491
Woodworker Training	-	40,000	(40,000)	-
CDL Training	-	150,000	(150,000)	-
Made in NY Training Program	-	5,000	(5,000)	-
	\$ 93,098	\$ 400,000	\$(384,607)	\$ 108,491

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

Notes to Financial Statements
June 30, 2023 and 2022

10. Liquidity and Availability of Financial 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:

	2023	2022
Cash	\$ 3,261,971	\$ 2,988,782
Accounts receivable	346,158	200,102
Grants receivable	1,443,579	1,267,892
Total Financial Assets	5,051,708	4,456,776
Less amounts unavailable for general expenditure:		
Restricted by donors with purpose restrictions	(314,109)	(108,491)
Financial Assets at Year End Available to Meet Cash		
Need for General Expenditures Within One Year	\$ 4,737,599	\$ 4,348,285

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.

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