

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

Financial Statements

June 30, 2024

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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

December 27, 2024

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

Statement of Financial Position
June 30, 2024
(with comparative amounts at June 30, 2023)

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 877,258	\$ 3,261,971
Accounts receivable	144,175	346,158
Grants receivable	1,622,534	1,443,579
Prepaid insurance	13,160	12,654
Total Current Assets	2,657,127	5,064,362
Leasehold improvements, equipment and fixtures, net	347,566	406,981
Right of use asset, net	953,235	1,419,770
Investments	10,381,457	-
Security deposits and other	64,629	75,234
	\$ 14,404,014	\$ 6,966,347
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 170,082	\$ 195,494
Accrued expenses	386,552	308,111
Total Current Liabilities	556,634	503,605
Lease liabilities	1,008,204	1,467,591
Total Liabilities	1,564,838	1,971,196
Net Assets		
Without donor restriction	12,503,023	4,681,042
With donor restriction	336,153	314,109
Total Net Assets	12,839,176	4,995,151
	\$ 14,404,014	\$ 6,966,347

See notes to financial statements

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

Statement of Activities
Year Ended June 30, 2024
(with summarized amounts for year ended June 30, 2023)

	2024			2023 Total
	Without donor Restriction	With donor Restriction	Total	
REVENUE AND SUPPORT				
Government grants	\$ 1,142,035	\$ -	\$ 1,142,035	\$ 1,156,848
Contributions - foundations/ trusts	11,101,000	1,070,000	12,171,000	4,315,000
Contributions - corporations	1,080,123	-	1,080,123	1,111,790
Contributions - individuals	335,306	-	335,306	224,522
Program services	204,503	-	204,503	287,333
In-kind contributions	99,724	-	99,724	96,352
Subcontract income - affiliate	69,047	-	69,047	116,090
Special event revenue, net of direct benefit to donors of \$50,875 and \$41,097	184,847	-	184,847	123,276
Interest and other	375,230	-	375,230	16,855
Net assets released from restrictions	1,047,956	(1,047,956)	-	-
Total Revenue and Support	<u>15,639,771</u>	<u>22,044</u>	<u>15,661,815</u>	<u>7,448,066</u>
EXPENSES				
Program	6,570,109	-	6,570,109	5,800,356
Management and general	634,435	-	634,435	548,852
Fundraising	613,246	-	613,246	525,515
Total Expenses	<u>7,817,790</u>	<u>-</u>	<u>7,817,790</u>	<u>6,874,723</u>
Change in Net Assets	7,821,981	22,044	7,844,025	573,343
NET ASSETS				
Beginning of year	<u>4,681,042</u>	<u>314,109</u>	<u>4,995,151</u>	<u>4,421,808</u>
End of year	<u>\$ 12,503,023</u>	<u>\$ 336,153</u>	<u>\$ 12,839,176</u>	<u>\$ 4,995,151</u>

See notes to financial statements

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

Statement of Functional Expenses
Year Ended June 30, 2024
(with summarized totals for year ended June 30, 2023)

	2024					2023 Total	
	Sector Based Training Programs	Other Programs	Total Program	Management and General	Fundraising		Total
PERSONNEL EXPENSES							
Salaries	\$ 1,960,914	\$ 824,886	\$ 2,785,800	\$ 206,088	\$ 353,590	\$ 3,345,478	\$ 3,031,521
Contributed services - salaries	-	99,724	99,724	-	-	99,724	96,352
Payroll taxes and fringe benefits	551,919	213,649	765,568	76,529	99,521	941,618	824,675
Total Personnel Expenses	<u>2,512,833</u>	<u>1,138,259</u>	<u>3,651,092</u>	<u>282,617</u>	<u>453,111</u>	<u>4,386,820</u>	<u>3,952,548</u>
OTHER THAN PERSONNEL EXPENSES							
Administration	110,519	53,540	164,059	24,148	31,361	219,568	176,516
Consultants	64,273	17,399	81,672	10,655	5,328	97,655	99,225
Occupancy costs	431,842	177,808	609,650	30,451	7,273	647,374	703,287
Depreciation and amortization	-	-	-	76,813	-	76,813	75,898
Program expense	1,144,104	279,331	1,423,435	572	-	1,424,007	1,136,607
Equipment, furniture and fixtures	10,163	5,910	16,073	382	-	16,455	18,286
Payroll processing and bank charges	32,987	18,171	51,158	11,050	10,467	72,675	59,758
Registration and fees	-	-	-	275	-	275	742
Insurance	-	3,500	3,500	20,653	-	24,153	20,334
Maintenance, repairs and cleaning	33,367	1,048	34,415	-	-	34,415	37,775
Office supplies and printing	47,597	28,016	75,613	5,306	6,516	87,435	82,106
Memberships and subscriptions	10,916	5,183	16,099	1,704	2,346	20,149	10,640
Professional fees, including donated services	8,879	18,000	26,879	56,900	-	83,779	71,157
Advertising, website and events	63,835	14,437	78,272	22,777	27,611	128,660	58,873
Utilities	24,424	20,017	44,441	3,576	1,341	49,358	44,266
Telephone, internet and postage	25,675	9,883	35,558	4,744	2,660	42,962	48,168
Software purchase and support	121,068	22,947	144,015	19,355	10,856	174,226	150,484
Conference, travel and training	61,270	43,590	104,860	31,794	6,504	143,158	67,820
Bad debt expense	-	-	-	30,663	-	30,663	3,040
Wage subsidy expense	-	6,315	6,315	-	-	6,315	16,096
Direct fundraising events	1,503	1,500	3,003	-	47,872	50,875	41,097
Total Other Than Personnel Expenses	<u>2,192,422</u>	<u>726,595</u>	<u>2,919,017</u>	<u>351,818</u>	<u>160,135</u>	<u>3,430,970</u>	<u>2,922,175</u>
Total Expenses	<u>\$ 4,705,255</u>	<u>\$ 1,864,854</u>	<u>\$ 6,570,109</u>	<u>\$ 634,435</u>	<u>\$ 613,246</u>	<u>\$ 7,817,790</u>	<u>\$ 6,874,723</u>

See notes to financial statements

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

Statement of Cash Flows
Year Ended June 30, 2024
(with comparative amounts for year ended June 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 7,844,025	\$ 573,343
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	76,813	75,898
Unrealized gain	(4,444)	-
Non cash lease expense	466,535	366,342
Bad debt expense	30,663	3,040
Changes in operating assets and liabilities		
Accounts receivable	171,320	(149,096)
Grants receivable	(178,955)	(175,687)
Prepaid insurance	(506)	(487)
Security deposits	10,605	(4,361)
Accounts payable	(25,412)	(106,078)
Accrued expenses	78,441	16,502
Operating lease liability	(459,387)	(321,644)
Net Cash from Operating Activities	8,009,698	277,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment and fixtures	(17,398)	(4,583)
Purchase of investments	(10,377,013)	-
Net Cash from Investing Activities	(10,394,411)	(4,583)
 Net Change in Cash	(2,384,713)	273,189
 CASH		
Beginning of year	3,261,971	2,988,782
End of year	\$ 877,258	\$ 3,261,971

See notes to financial statements

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

Notes to Financial Statements
June 30, 2024 and 2023

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 2024, BWI enrolled 217 individuals into training, graduating 88%. So far, 86% of graduates have obtained CDL certification and 73% of those licensed have been connected to employment. Starting wages for working graduates are \$24.04/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 2024, graduating 85% 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 71% of graduates into jobs earning an average of \$19.91/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 2024, Brooklyn Woods enrolled 63 participants, graduating 95%. Thus far, 57% of graduates have been placed in jobs in the sector earning \$18.57, on average.

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

Notes to Financial Statements
June 30, 2024 and 2023

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 2024, this program enrolled 80 individuals, graduating 96%. Thus far, 68% of graduates have been connected to employment and are earning an average of \$24.30/hour. The nationwide writers (“WGA”) and actors (“SAG-AFTRA”) strikes have impacted 2024 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 2024, this program enrolled 44 individuals, graduating 91% and thus far placing 53% of graduates in jobs earning \$24.65/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. Notably, a new agreement was finalized in February 2024 after prolonged contract negotiations, granting NYCHA Caretakers over 12% wage increases, retroactive pay, and a \$3,000 bonus for eligible employees. In 2024, this program enrolled 323 individuals, graduating 89% of those enrolled. Thus far, 82% of graduates have been placed into jobs, earning \$17.06, 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 2024, the program served 130 individuals and graduated 88% of those enrolled. Thus far, 72% of graduates have been placed in jobs earning an average of \$21.53.

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

Notes to Financial Statements
June 30, 2024 and 2023

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.

Adoption of New Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an expected loss model for instruments measured at amortized cost and certain other instruments that are not measured at fair value through net income. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 1, 2023, expanded LEAP’s required disclosures for its expected credit losses for accounts and grants receivable but did not have a material effect on its financial statements.

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, 2024 and 2023, LEAP has no net assets with donor restrictions that are perpetual in nature.

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

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

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 credit loss to reduce the receivable to the estimated realizable value is recorded. Past due status is based on how recently payments have been received. Management bases the estimate on a combination of write-off history, aging analysis, current conditions, historical collection experience, a review of current status of accounts and grants receivable and reasonable and supportable forecasts to estimate future expected credit losses. Management determined that an allowance for doubtful accounts was not necessary at June 30, 2024 and 2023.

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

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.

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

Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

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 \$80,978 and \$35,920 for the years ended June 30, 2024 and 2023.

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, 2021.

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.

Fair Value of Financial Instruments

LEAP follows U.S. GAAP on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

LEAP, Inc.
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Notes to Financial Statements
June 30, 2024 and 2023

2. Summary of Significant Accounting Policies (continued)

Investments Valuation

Investments are carried at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recognized on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of the change in net assets.

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 27, 2024.

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, 2023, 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, 2024 and 2023, \$899,678 and \$3,195,794 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.

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 \$69,047 and \$116,090 for the years ended June 30, 2024 and 2023. At June 30, 2024 and 2023, \$59,149 and \$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 \$444,000 and \$399,000 for the years ended June 30, 2024 and 2023. This includes rent expense of approximately \$139,000 and \$146,000 for the years ended June 30, 2024 and 2023.

LEAP, Inc.
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Notes to Financial Statements
June 30, 2024 and 2023

5. Pension Plan

LEAP has a Simplified Employee Pension Plan (the "Plan"), which is a defined contribution plan. LEAP made contributions of \$112,548 and \$105,304 to the Plan for the years ended June 30, 2024 and 2023.

6. Leasehold Improvements, Equipment and Fixtures

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

	2024	2023
Equipment and fixtures	\$ 442,327	\$ 424,929
Leasehold improvements	1,323,465	1,323,465
	1,765,792	1,748,394
Accumulated depreciation and amortization	(1,418,226)	(1,341,413)
	\$ 347,566	\$ 406,981

7. Investments

LEAP's investments, are as follows at June 30, 2024:

	Quoted Prices in Active Markets for Identical Assets Level 1
Money market funds, at cost	\$ 10,381,457

Investment return for the year ended June 30 consists of the following:

Dividends and interest	\$ 368,175
Unrealized gain	4,444
	\$ 372,619

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, 2024 and 2023, assets recorded under operating leases are \$2,176,074 and accumulated amortization associated with operating leases is \$1,222,839 and \$756,304.

Operating lease expense	\$ 501,634
Supplemental cash flow information	
Operating cash flows from operating leases	\$ 494,486
Weighted-average remaining lease term in years for operating leases	2.84
Weighted-average discount rate for operating leases	2.88%

LEAP, Inc.
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Notes to Financial Statements
June 30, 2024 and 2023

8. Lease Commitments (continued)

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

2025	\$ 474,940
2026	347,271
2027	82,984
2028	85,472
2029	<u>58,112</u>
Total undiscounted cash flows	1,048,779
Less: present value discount	<u>(40,575)</u>
Total lease liabilities	<u>\$ 1,008,204</u>

Rent expense for the years ended June 30, 2024 and 2023 was approximately \$516,000 and \$620,000.

9. Net Assets With Donor Restriction

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

Purpose/ Restriction	2024			
	Balance June 30, 2023	Additions	Releases	Balance June 30, 2024
Workforce Collaboration	\$ 152,894	\$ 245,000	\$ (293,000)	\$ 104,894
CDL Training	-	200,000	(200,000)	-
Services to NYCHA Residents	-	40,000	(40,000)	-
PA Training	-	10,000	(10,000)	-
Direct Support to Beneficiaries	-	100,000	(36,186)	63,814
Services to Young Adults	150,000	225,000	(220,678)	154,322
Tech Training (KindWork)	11,215	250,000	(248,092)	13,123
	<u>\$ 314,109</u>	<u>\$ 1,070,000</u>	<u>\$ (1,047,956)</u>	<u>\$ 336,153</u>

Purpose/ Restriction	2023			
	Balance June 30, 2022	Additions	Releases	Balance June 30, 2023
Workforce Collaboration	\$ 108,491	\$ 255,000	\$ (210,597)	\$ 152,894
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
	<u>\$ 108,491</u>	<u>\$ 1,045,000</u>	<u>\$ (839,382)</u>	<u>\$ 314,109</u>

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

Notes to Financial Statements
June 30, 2024 and 2023

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:

	<u>2024</u>	<u>2023</u>
Cash	\$ 877,258	\$ 3,261,971
Accounts receivable	144,175	346,158
Grants receivable	<u>1,622,534</u>	<u>1,443,579</u>
Total Financial Assets	2,643,967	5,051,708
Less amounts unavailable for general expenditure:		
Restricted by donors with purpose restrictions	<u>(336,153)</u>	<u>(314,109)</u>
Financial Assets at Year End Available to Meet Cash		
Need for General Expenditures Within One Year	<u>\$ 2,307,814</u>	<u>\$ 4,737,599</u>

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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