

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

**Financial Statements
For the Years Ended June 30, 2022 and 2021
With Independent Auditor's Report**



MITCHELL TITUS
ACHIEVING EXCELLENCE TOGETHER

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

For the Years Ended June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Learning Through an Expanded Arts Program, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Learning Through an Expanded Arts Program, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years 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 Learning Through an Expanded Arts Program, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Learning Through an Expanded Arts Program, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Learning Through an Expanded Arts Program, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditor's 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 auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or 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 GAAS, 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 Learning Through an Expanded Arts Program, Inc.'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 Learning Through an Expanded Arts Program, Inc.'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Mitchell Titus, LLP

March 3, 2023

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Statements of Financial Position

As of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 145,465	\$ 145,778
Accounts and grants receivable, net of allowance for doubtful accounts of \$159,042 in 2022 and \$159,042 in 2021	2,640,817	2,611,996
Employee advances	13,429	4,000
Prepaid expenses and other assets	53,818	89,635
Security deposits	83,547	83,547
Property and equipment, net	54,756	59,947
Total assets	<u>\$ 2,991,832</u>	<u>\$ 2,994,903</u>
LIABILITIES AND NET ASSETS		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 581,227	\$ 551,243
Deferred rent	138,777	150,603
PPP loan	1,210,951	1,585,966
Bank line of credit	198,924	-
Total liabilities	<u>2,129,879</u>	<u>2,287,812</u>
<i>Net assets</i>		
Without donor restrictions	707,114	507,002
With donor restrictions	154,839	200,089
Total net assets	<u>861,953</u>	<u>707,091</u>
Total liabilities and net assets	<u>\$ 2,991,832</u>	<u>\$ 2,994,903</u>

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

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Statements of Activities

For the Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Program revenue	\$ 3,882,674	\$ -	\$ 3,882,674	\$ 1,710,795	\$ -	\$ 1,710,795
Government grants and contracts	5,626,016	24,750	5,650,766	5,108,995	-	5,108,995
Other foundations and grants, net of releases	402,833	(70,000)	332,833	311,234	200,000	511,234
Individual contributions	120,131	-	120,131	89,595	-	89,595
Fundraising events	-	-	-	20,031	89	20,120
Less: Direct benefit to donor costs	-	-	-	-	-	-
Fundraising events, net	-	-	-	20,031	89	20,120
Investment income	62	-	62	390	-	390
Other revenue	-	-	-	-	-	-
Total support and revenue	<u>10,031,716</u>	<u>(45,250)</u>	<u>9,986,466</u>	<u>7,241,040</u>	<u>200,089</u>	<u>7,441,129</u>
EXPENSES						
Program	8,972,421	-	8,972,421	6,367,011	-	6,367,011
General and administrative	525,031	-	525,031	394,791	-	394,791
Fundraising	334,152	-	334,152	297,521	-	297,521
Total expenses	<u>9,831,604</u>	<u>-</u>	<u>9,831,604</u>	<u>7,059,323</u>	<u>-</u>	<u>7,059,323</u>
Change in net assets	200,112	(45,250)	154,862	181,717	200,089	381,806
NET ASSETS						
Beginning of year	507,002	200,089	707,091	325,285	-	325,285
End of year	<u>\$ 707,114</u>	<u>\$ 154,839</u>	<u>\$ 861,953</u>	<u>\$ 507,002</u>	<u>\$ 200,089</u>	<u>\$ 707,091</u>

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

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Schedule of Functional Expenses

Year Ended June 30, 2022

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<i>Salaries and related expenses</i>				
Salaries	\$ 6,776,615	\$ 130,202	\$ 209,519	\$ 7,116,336
Payroll taxes and employee benefits	1,070,389	34,508	45,809	1,150,706
Total salaries and related expenses	7,847,004	164,710	255,328	8,267,042
Art and other educational supplies	216,664	452	-	217,116
Workshop and printing/Postage	1,746	2,327	26	4,099
Auto and travel	21,483	5,692	-	27,175
Marketing	-	3,049	-	3,049
Conference and meeting expense	7,508	10,768	3,598	21,874
Rent, telephone and utilities	241,323	108,648	248	350,219
Office expense	73,824	18,379	-	92,203
Professional fees	417,022	158,860	74,119	650,001
Insurance	54,936	22,354	-	77,290
Depreciation and amortization	26,947	518	833	28,298
Other expense	63,964	29,274	-	93,238
Total expenses	<u>\$ 8,972,421</u>	<u>\$ 525,031</u>	<u>\$ 334,152</u>	<u>\$ 9,831,604</u>

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

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Schedule of Functional Expenses

Year Ended June 30, 2021

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total Expenses</u>
<i>Salaries and related expenses</i>				
Salaries	\$ 4,603,189	\$ 43,359	\$ 184,456	\$ 4,831,004
Payroll taxes and employee benefits	864,017	12,293	32,656	908,966
Total salaries and related expenses	5,467,206	55,652	217,112	5,739,970
Art and other educational supplies	67,921	690	42	68,653
Workshop and printing/Postage	619	1,011	996	2,626
Auto and travel	360	315	-	675
Marketing	-	100	36,067	36,167
Conference and meeting expense	576	10,393	125	11,094
Bad debt	-	29,927	-	29,927
Rent, telephone and utilities	215,294	114,049	667	330,010
Office expense	76,412	21,316	10,167	107,895
Professional fees	416,602	145,209	30,312	592,123
Insurance	62,368	14,280	-	76,648
Depreciation and amortization	50,726	478	2,033	53,237
Other expense	8,927	1,371	-	10,298
Total expenses	\$ 6,367,011	\$ 394,791	\$ 297,521	\$ 7,059,323

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

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 154,862	\$ 381,806
<i>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</i>		
Provision for bad debts	-	29,927
Depreciation and amortization	28,298	53,237
<i>Changes in operating assets and liabilities</i>		
Accounts receivable	(28,821)	(1,269,449)
Employee advances	(9,429)	(4,000)
Prepaid expenses and other assets	35,817	(25,849)
Security deposits	-	44,719
Accounts payable and accrued expenses	29,984	14,070
Deferred rent	(11,826)	7,607
Net cash provided by (used in) operating activities	<u>198,885</u>	<u>(767,932)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(23,107)</u>	<u>-</u>
Net cash (used in) investing activities	<u>(23,107)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank line of credit	198,924	-
Repayment on PPP Loan	(375,015)	-
Repayment to Fund for the City of NY	-	(27,000)
Repayment of bank line of credit	-	(300,000)
Repayment of board member loan	-	(100,000)
Net cash used in financing activities	<u>(176,091)</u>	<u>(427,000)</u>
Net decrease in cash and cash equivalents	(313)	(1,194,932)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>145,778</u>	<u>1,340,710</u>
End of year	<u><u>\$ 145,465</u></u>	<u><u>\$ 145,778</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u><u>\$ 29,015</u></u>	<u><u>\$ 18,092</u></u>

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

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 1 NATURE OF OPERATIONS

Learning Through an Expanded Arts Program, Inc. (the Organization or LEAP) provides quality educational arts programs to promote access and equity for New York City students underserved in the arts. Through artistic inquiry and expression, LEAP inspires diverse school communities to be more engaged in learning and build their creativity, collaboration, communication, and critical thinking skills.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared 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.

Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two net asset classes, with donor restrictions and without donor restrictions, be displayed in a statement of financial position and that the amounts of change in each of those net asset classes be displayed in a statement of activities.

Income from investment gains and losses, including realized and unrealized gains and losses, dividends, interest and other investments, should be reported as increases (or decreases) in net assets without donor restrictions unless the use of the income received is limited by donor-imposed restrictions.

These net asset classes are defined as follows:

Without Donor Restrictions – Net assets that are neither restricted by donor-imposed stipulations or timeframe and/or the net assets that the Board of Directors has to use in carrying on the operations of LEAP.

With Donor Restrictions – Net assets resulting from contributions and other inflows of assets whose use by LEAP is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of LEAP pursuant to those stipulations. When such stipulations end or are fulfilled, such restrictions are reclassified to net assets without donor restrictions as net assets released from restrictions and reported in the statement of activities as such.

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(continued)*

Financial Statement Presentation *(continued)*

Net assets resulting from contributions and other inflows of assets whose use by LEAP is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of LEAP, formerly classified as permanently restricted net assets, are now reported as with donor restrictions.

Third-Party Reimbursement and Revenue Recognition

LEAP receives substantially all of its revenue for services provided to approved clients from third-party reimbursement agencies. Revenue is primarily received from the Department of Youth and Community Development and the New York City Department of Education. Revenue generated from these sources is based on predetermined rates based on cost reimbursement principles and is subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. LEAP recognizes revenue on these contracts when eligible costs to be reimbursed are incurred and claimed in compliance with the contract requirements or when performance requirements stipulated in the contracts are achieved and the related amounts are claimed.

Fixed Assets

Fixed assets are stated at cost and depreciated or amortized over their estimated useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of their estimated useful lives or the lease term. The estimated useful lives of fixed assets are as follows:

Equipment and fixtures	3-5 years
Leasehold improvements	5-10 years
Capitalized CRM costs	5 years

Fixed assets acquired by LEAP are considered to be owned by the Organization. However, the funding sources may have a reversionary interest in the property, as well as the determination of use of any proceeds from the sale of these assets. Equipment purchased under certain contracts requires that ownership title must remain with the funding sources. Accordingly, all such purchases are expensed and not capitalized for financial statement purposes.

Cash Equivalents

LEAP considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(continued)*

Fair Value Measurements

LEAP follows guidance under Accounting Standards Codification (ASC) 820, *Fair Value Measurements* (ASC 820), 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 that can be corroborated by observable market data. Level 3 inputs are unobservable inputs that are used to the extent that observable inputs do not exist.

Investments Valuation and Income Recognition

Investments are carried at fair value based on quoted market prices or if donated, at the estimated fair value on the date of the gift. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded when earned and dividends are recorded on the ex-dividend date. Realized and unrealized gains and losses are included in the determination of net income.

As of June 30, 2022 and 2021, LEAP did not hold investments.

Allowance for Doubtful Accounts

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. Allowance for doubtful accounts was \$159,042 as of June 30, 2022 and 2021.

Concentration of Credit Risk

Financial instruments that potentially subject LEAP to significant concentrations of credit risk consist principally of cash and cash equivalents. LEAP's cash is maintained in one bank account, which at times may exceed federally insured limits. LEAP has not experienced any losses on its cash deposits.

Its investment portfolio is diversified by type of investment and industry concentration so that no individual or groups of investments represent a significant concentration of market risk.

Functional Allocation of Expenses

LEAP allocates total costs to the various functional expense categories. This allocation is based primarily on employee time incurred in each respective functional expense category if specific identification is not otherwise attributable.

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(continued)*

In-kind Contributions

In-kind contributions represent donated professional services and merchandise reflected in the financial statements at their estimated fair value at the time of donation. There were no in-kind contributions as of June 30, 2022 and 2021.

Tax Status

LEAP is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. LEAP recognizes the effect of income tax positions only when they are more-likely-than-not to be sustained. Management has determined that LEAP has 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 periods prior to June 30, 2019.

Adopted Accounting Pronouncements

During fiscal year 2020, LEAP adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which provides a more robust framework for determining whether a transaction should be accounted for as a contribution or exchange transaction. Organizations would have to evaluate whether the resource provider is receiving value in return for the resources transferred. If the resource provider is not itself receiving commensurate value for the resources provided, the organization would have to determine whether a transfer of assets represents a payment from a third-party payer on behalf of an existing exchange transaction between the recipient and an identified customer. In such circumstances, other guidance, such as the revenue recognition standard (ASC 606) would apply. The adoption of this standard had no impact to the current revenue recognition policies.

During fiscal year 2021, LEAP adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 eliminated transaction- and industry-specific revenue recognition guidance under current U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. ASU 2014-09 required an entity to recognize revenue based on the value of transferred goods or services as they occurred in the contract. ASU 2014-09 also required additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The majority of LEAP's revenue is generated via contributions and grants. The scope of this ASU excludes contributions and collaborative arrangements since they are not viewed to be contracts with customers. As such, based on the above, the adoption of ASU 2014-09 has no impact to the current revenue recognition policies.

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES *(continued)*

Accounting Pronouncement Issued But Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires recognition of (a) a lease asset (right of use) and lease liability, initially measured at the present value of the lease payments, in the statement of financial position and (b) a single lease cost, calculated so that the cost of the lease is allocated over the lease term generally on a straight-line basis. All cash payments are to be classified within operating activities in the statement of cash flows. In June 2020, the effective date of ASU 2016-02 was deferred to fiscal years beginning after December 15, 2021. As such, the amendments are effective for LEAP's fiscal year ending June 30, 2023, with early adoption permitted. This ASU will impact the accounting for LEAP's lease arrangements when it is adopted.

NOTE 3 LIQUIDITY AND AVAILABILITY

The following table reflects LEAP's financial assets available within one year of the balance sheet date for general expenditures over the next 12 months, reduced by amounts not available for general use because of contractual or donor-imposed restrictions in excess of one year of the balance sheet date, as of June 30, 2022 and 2021:

	<u>2022</u>
<i>Financial assets at year end</i>	
Cash and cash equivalents	\$ 145,465
Accounts and other receivables, net	<u>2,640,817</u>
Total financial assets	2,786,282
<i>Less: Amounts not available to be used within one year</i>	
Amounts restricted by donors as to purpose	(154,839)
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,631,433</u>
	<u>2021</u>
<i>Financial assets at year end</i>	
Cash and cash equivalents	\$ 145,778
Accounts and other receivables, net	<u>2,611,996</u>
Total financial assets	2,757,774
<i>Less: Amounts not available to be used within one year</i>	
Amounts restricted by donors as to purpose	(200,089)
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,557,685</u>

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 3 LIQUIDITY AND AVAILABILITY *(continued)*

LEAP's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the balance sheet date.

In fiscal year 2022, LEAP received approximately 90% of its revenue from U.S. Government sources for reimbursable program services. As such, LEAP continues to expect steady incoming cash flow over the following 12-month period from the balance sheet date. These incoming cash flows would only reduce if outflows also reduced. LEAP regularly monitors its cash balance to ensure sufficient liquidity exists to meet its operating needs, as well as other commitments and obligations over the next 12 months.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
<i>Property and equipment</i>		
Furniture, fixtures and equipment	\$ 195,654	\$ 195,654
Leasehold improvements	56,089	56,089
Capitalized CRM costs	92,364	69,258
	<u>344,108</u>	<u>321,001</u>
Less: Accumulated depreciation and amortization	289,351	261,054
Property and equipment, net	<u>\$ 54,756</u>	<u>\$ 59,947</u>

Depreciation and amortization expense was \$28,298 and \$53,237 for the years ended June 30, 2022 and 2021, respectively.

NOTE 5 GOVERNMENT GRANTS AND CONTRACTS

Government grants and contracts revenue is comprised of the following grants and contracts for the years ended June 30:

<u>Funding Source</u>	<u>2022</u>	<u>2021</u>
National Endowment for the Arts	\$ -	\$ 65,000
New York Department of Cultural Affairs	101,150	99,250
New York State Council of the Arts	49,500	20,000
New York City Department of Youth and Community Development	5,500,116	4,924,745
Total	<u>\$ 5,650,766</u>	<u>\$ 5,108,995</u>

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 6 OTHER FOUNDATIONS AND GRANTS

Other foundations and grants revenue consisted of the following for the years ended June 30:

Funding Source	2022	2021
ASA General Services Corporation	\$ -	\$ 1,402
Axe-Houghton Foundation	7,000	6,000
Black Rock Inc.	9,100	25,540
Centerview Partners LLC	-	5,000
Church and Dwight Co.	2,000	-
City Parks Foundation	3,000	-
Con Edison	10,000	10,000
Cornelia T. Bailey Foundation	-	25,000
Equinix Impact	-	2,400
Goodie Girl Cookie's	5,000	-
Harnisch Foundation	-	7,000
Hyde & Watson Foundation	10,000	10,000
IBIS World	-	80,000
Laura J. Niles Foundation	20,000	-
Leo Rosner Foundation	20,000	10,000
Michael Tuch Foundation	10,000	10,000
Milton & Sally Avery Arts Foundation	10,000	10,000
Milton Susman Foundation	5,000	-
MUFG Union Bank	10,000	5,000
National Grid	-	25,000
New York Life Foundation	15,000	-
New York Community Trust – Emergency Relief Fund	75,000	75,000
New York Yankees	10,000	30,000
Nora Roberts Foundation	3,000	3,000
Pinkerton Foundation	25,000	-
Richenthal Foundation	5,000	2,500
Robert Lehman Foundation	-	7,500
Ronald McDonald House Charities	2,500	-
Rosenthal Family Foundation	-	100,000
Rubin Cohen Foundation	1,000	2,500
Sunshine Foundation	10,000	10,000
Ted Snowden Foundation	20,000	20,000
Tito's Hand Made Vodka	4,320	-
The Line Studios, LLC	5,000	-
The William T. Hillman Foundation	10,000	15,000
Youth Inc.	22,500	11,000
Individual amounts under \$1,000	3,413	2,392
	<u>\$ 332,833</u>	<u>\$ 511,234</u>

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 7 BANK LINE OF CREDIT

LEAP had a line of credit through a financial institution in the amount of \$500,000 as of June 30, 2022. Interest accrued at a variable rate impacted by the Prime Rate plus 1.381% per year, which was 6.131% as of June 30, 2022.

NOTE 8 PAYROLL PROTECTION PROGRAM LOAN

On April 28, 2020, LEAP received a loan from Spring Bank in the amount of \$1,585,966 pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted on March 27, 2020.

The loan, which was in the form of a note dated April 28, 2020, issued by the borrower, matured on April 28, 2022, and bore interest at a rate of 1% per year, payable monthly, commencing 10 months after the end of the covered period as defined by the U.S. Small Business Administration. The note 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 incurred during the covered period. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

LEAP did not record accrued interest as of the financial statement date as borrowers are not required to impute a market rate of interest to government-guaranteed obligations under the guidance in ASC 835-30, *Imputation of Interest*.

NOTE 9 LEASE COMMITMENTS

LEAP leases office and storage space under several operating leases that expire on various dates through October 31, 2027. The leases provide for renewal options at the fair rental value at the time of renewal. U.S. GAAP requires operating leases with scheduled rent increases to be recognized on a straight-line basis over the lease term without regard to the pattern of timing of cash lease payments.

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 9 LEASE COMMITMENTS *(continued)*

Future minimum lease payments are payable as follows:

<u>Year Ending June 30</u>	<u>Amounts</u>
2023	\$ 248,890
2024	256,367
2025	264,048
2026	271,969
Thereafter	<u>93,376</u>
	<u>\$ 1,134,640</u>

Rent expense under these leases was \$230,056 and \$235,378 for the years ended June 30, 2022 and 2021, respectively.

LEAP's security deposits for leases are held in a certificate of deposit at a financial institution and are considered a Level 2 financial instrument in accordance with ASC 820. These security deposits are considered assets limited as to use and are reflected as security deposits in the accompanying statements of financial position.

NOTE 10 LITIGATION

LEAP is involved in litigation matters as a result of its normal operations. Although it is not possible to predict the outcome of such litigation with certainty, based on the facts known to the Organization's management, and after consultation with counsel, management believes that such litigation will not have a material adverse effect on the Organization's financial position or changes in net assets.

NOTE 11 CONCENTRATION IN REVENUE

LEAP received approximately 55% of total support and revenue under contracts with the New York City Department of Youth and Community Development and 38% with the New York City Department of Education for the fiscal year ended June 30, 2022. LEAP received approximately 66% of total support and revenue under contracts with the New York City Department of Youth and Community Development and 22% with the New York City Department of Education for the fiscal year ended June 30, 2021. Revenue from the New York City Department of Education is reflected in program revenue in the accompanying statements of activities.

LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.

Notes to Financial Statements

For the Years Ended June 30, 2022 and 2021

NOTE 12 SUBSEQUENT EVENTS

LEAP has performed subsequent event procedures through March 3, 2023, which is the date these financial statements were available to be issued. No events arose during this period, which will require additional recognition or disclosures in these financial statements.

