

**LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

**Financial Statements  
For the Years Ended June 30, 2021 and 2020  
With Independent Auditor's Report**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

For the Years Ended June 30, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

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

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, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**MITCHELL TITUS**

***Opinion***

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mitchell Titus, LLP*

May 10, 2022

**LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

## Statements of Financial Position

As of June 30, 2021 and 2020

|   | <u>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| Cash and cash equivalents   | \$ 145,778          | \$ 1,340,710        |
| Accounts and grants receivable, net of allowance for doubtful accounts of \$159,042 in 2021 and \$135,128 in 2020 | 2,611,996           | 1,372,474           |
| Employee advances   | 4,000               | -                   |
| Prepaid expenses and other assets   | 89,635              | 63,786              |
| Security deposits   | 83,547              | 128,266             |
| Property and equipment, net   | 59,947              | 113,184             |
| <b>Total assets</b>   | <u>\$ 2,994,903</u> | <u>\$ 3,018,420</u> |
| <b>LIABILITIES AND NET ASSETS</b>   |                     |                     |
| <i>Liabilities</i>  |                     |                     |
| Accounts payable and accrued expenses   | \$ 551,243          | \$ 537,173          |
| Deferred rent   | 150,603             | 142,996             |
| PPP loan  | 1,585,966           | 1,585,966           |
| Fund for the City of New York   | -                   | 27,000              |
| Bank line of credit   | -                   | 300,000             |
| Loan payable to board member  | -                   | 100,000             |
| <b>Total liabilities</b>  | <u>2,287,812</u>    | <u>2,693,135</u>    |
| <i>Net assets</i>   |                     |                     |
| Without donor restrictions  | 507,002             | 325,285             |
| With donor restrictions   | 200,089             | -                   |
| <b>Total net assets</b>   | <u>707,091</u>      | <u>325,285</u>      |
| <b>Total liabilities and net assets</b>   | <u>\$ 2,994,903</u> | <u>\$ 3,018,420</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, 2021 and 2020

|                                     | 2021                       |                         |              | 2020                       |                         |              |
|-------------------------------------|----------------------------|-------------------------|--------------|----------------------------|-------------------------|--------------|
|                                     | Without Donor Restrictions | With Donor Restrictions | Total        | Without Donor Restrictions | With Donor Restrictions | Total        |
| <b>SUPPORT AND REVENUE</b>          |                            |                         |              |                            |                         |              |
| Program revenue                     | \$ 1,710,795               | \$ -                    | \$ 1,710,795 | \$ 2,279,094               | \$ -                    | \$ 2,279,094 |
| Government grants and contracts     | 5,108,995                  | -                       | 5,108,995    | 5,307,474                  | -                       | 5,307,474    |
| Other foundations and grants        | 311,234                    | 200,000                 | 511,234      | 443,013                    | (8,000)                 | 435,013      |
| Individual contributions            | 89,595                     | -                       | 89,595       | 95,682                     | -                       | 95,682       |
| Fundraising events                  | 20,031                     | 89                      | 20,120       | 35,957                     | (18,639)                | 17,318       |
| Less: Direct benefit to donor costs | -                          | -                       | -            | 19,426                     | -                       | 19,426       |
| Fundraising events, net             | 20,031                     | 89                      | 20,120       | 16,531                     | (18,639)                | (2,108)      |
| Investment income                   | 390                        | -                       | 390          | 122                        | -                       | 122          |
| Other revenue                       | -                          | -                       | -            | -                          | -                       | -            |
| Total support and revenue           | 7,241,040                  | 200,089                 | 7,441,129    | 8,141,916                  | (26,639)                | 8,115,277    |
| <b>EXPENSES</b>                     |                            |                         |              |                            |                         |              |
| Program                             | 6,367,011                  | -                       | 6,367,011    | 7,539,754                  | -                       | 7,539,754    |
| General and administrative          | 394,791                    | -                       | 394,791      | 653,963                    | -                       | 653,963      |
| Fundraising                         | 297,521                    | -                       | 297,521      | 337,057                    | -                       | 337,057      |
| Total expenses                      | 7,059,323                  | -                       | 7,059,323    | 8,530,774                  | -                       | 8,530,774    |
| Change in net assets                | 181,717                    | 200,089                 | 381,806      | (388,858)                  | (26,639)                | (415,497)    |
| <b>NET ASSETS</b>                   |                            |                         |              |                            |                         |              |
| Beginning of year                   | 325,285                    | -                       | 325,285      | 714,143                    | 26,639                  | 740,782      |
| End of year                         | \$ 507,002                 | \$ 200,089              | \$ 707,091   | \$ 325,285                 | \$ -                    | \$ 325,285   |

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<br/>Administrative</u> | <u>Fundraising</u> | <u>Total<br/>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                                   | 42.00              | 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                    |
| <b>Total expenses</b>                | <b>\$ 6,367,011</b> | <b>\$ 394,791</b>                     | <b>\$ 297,521</b>  | <b>\$ 7,059,323</b>       |

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, 2020

|                                      | <u>Program</u>      | <u>General and<br/>Administrative</u> | <u>Fundraising</u> | <u>Total<br/>Expenses</u> |
|--------------------------------------|---------------------|---------------------------------------|--------------------|---------------------------|
| <i>Salaries and related expenses</i> |                     |                                       |                    |                           |
| Salaries                             | \$ 5,457,495        | \$ 132,860                            | \$ 193,111         | \$ 5,783,466              |
| Payroll taxes and employee benefits  | 818,653             | 89,702                                | 28,968             | 937,323                   |
| Total salaries and related expenses  | 6,276,148           | 222,562                               | 222,079            | 6,720,789                 |
| Art and other educational supplies   | 133,700             | 898                                   | -                  | 134,598                   |
| Workshop and printing/Postage        | 1,398               | 6,919                                 | 2,735              | 11,052                    |
| Auto and travel                      | 14,184              | 167                                   | 288                | 14,639                    |
| Marketing                            | 2,627               | 2,377                                 | 9,499              | 14,503                    |
| Conference and meeting expense       | 1,927               | 20,892                                | 6,420              | 29,239                    |
| Bad debt                             | -                   | 204,411                               | -                  | 204,411                   |
| Rent, telephone and utilities        | 304,462             | 29,165                                | 10,458             | 344,085                   |
| Office expense                       | 88,265              | 22,649                                | 1,074              | 111,988                   |
| Professional fees                    | 590,052             | 75,069                                | 80,921             | 746,042                   |
| Insurance                            | 57,574              | 1,402                                 | 2,037              | 61,013                    |
| Depreciation and amortization        | 43,695              | 1,064                                 | 1,546              | 46,305                    |
| Other expense                        | 25,722              | 66,388                                | -                  | 92,110                    |
| <b>Total expenses</b>                | <b>\$ 7,539,754</b> | <b>\$ 653,963</b>                     | <b>\$ 337,057</b>  | <b>\$ 8,530,774</b>       |

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, 2021 and 2020

|   | <u>2021</u>       | <u>2020</u>         |
|---|-------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                   |                     |
| Change in net assets  | \$ 381,806        | \$ (415,497)        |
| <i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities</i> |                   |                     |
| Provision for bad debts   | 29,927            | 204,411             |
| Depreciation and amortization   | 53,237            | 46,305              |
| <i>Changes in operating assets and liabilities</i>  |                   |                     |
| Accounts receivable   | (1,269,449)       | 633,889             |
| Employee advances   | (4,000)           | 978                 |
| Prepaid expenses and other assets   | (25,849)          | (35,622)            |
| Security deposits   | 44,719            | (2,440)             |
| Accounts payable and accrued expenses   | 14,070            | (134,345)           |
| Deferred rent   | 7,607             | 14,174              |
| Deferred grant revenue  | -                 | (236,518)           |
| Net cash (used in) provided by operating activities   | <u>(767,932)</u>  | <u>75,335</u>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                   |                     |
| Purchase of property and equipment  | -                 | (69,257)            |
| Net cash provided by (used in) investing activities   | <u>-</u>          | <u>(69,257)</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                   |                     |
| Proceeds from PPP loan  | -                 | 1,585,966           |
| Proceeds from Fund for the City of NY   | -                 | 76,800              |
| Repayment to Fund for the City of NY  | (27,000)          | (49,800)            |
| Repayment of bank line of credit  | (300,000)         | (200,000)           |
| Repayment of board member loan  | (100,000)         | (83,000)            |
| Net cash (used in) provided by financing activities   | <u>(427,000)</u>  | <u>1,329,966</u>    |
| Net (decrease) increase in cash and cash equivalents  | (1,194,932)       | 1,336,044           |
| <b>CASH AND CASH EQUIVALENTS</b>  |                   |                     |
| Beginning of year   | <u>1,340,710</u>  | <u>4,666</u>        |
| <b>End of year</b>  | <u>\$ 145,778</u> | <u>\$ 1,340,710</u> |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>   |                   |                     |
| <b>Interest paid</b>  | <u>\$ 18,092</u>  | <u>\$ 48,099</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, 2021 and 2020

### 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, is 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, 2021 and 2020

**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 are 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, 2021 and 2020

**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, 2021 and 2020, LEAP did not hold investments.

Related-Party Transactions

Related parties include board members and management of LEAP. LEAP had an outstanding loan balance to a board member of \$0 and \$100,000 as of June 30, 2021 and 2020, respectively.

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 and \$135,128 as of June 30, 2021 and 2020, respectively.

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.

## **LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

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

#### 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.

#### 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, 2021 and 2020.

#### 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, 2018.

#### 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.

**LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

**NOTE 2      SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES** *(continued)*Adopted Accounting Pronouncements *(continued)*

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.

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, 2021 and 2020:

**LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

**NOTE 3 LIQUIDITY AND AVAILABILITY** *(continued)*

|  | <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)           |
| <b>Financial assets available to meet general expenditures over the next 12 months</b> | <u>\$ 2,557,685</u> |
|  | <u>2020</u>         |
| <i>Financial assets at year end</i>  |                     |
| Cash and cash equivalents  | \$ 1,340,710        |
| Accounts and other receivables, net  | <u>1,372,474</u>    |
| Total financial assets   | 2,713,184           |
| <i>Less: Amounts not available to be used within one year</i>                          |                     |
| Amounts restricted by donors as to purpose   | -                   |
| <b>Financial assets available to meet general expenditures over the next 12 months</b> | <u>\$ 2,713,184</u> |

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 2021, 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 reduce. 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.

**LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

## Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

**NOTE 4 PROPERTY AND EQUIPMENT**

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

|   | <u>2021</u>      | <u>2020</u>       |
|---|------------------|-------------------|
| <i>Property and equipment</i>                   |                  |                   |
| Furniture, fixtures and equipment               | \$ 195,654       | \$ 195,654        |
| Leasehold improvements                          | 56,089           | 56,089            |
| Capitalized CRM costs                           | 69,258           | 69,258            |
|   | <u>321,001</u>   | <u>321,001</u>    |
| Less: Accumulated depreciation and amortization | 261,054          | 207,817           |
| <b>Property and equipment, net</b>              | <u>\$ 59,947</u> | <u>\$ 113,184</u> |

Depreciation and amortization expense was \$53,237 and \$46,305 for the years ended June 30, 2021 and 2020, 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>2021</u>         | <u>2020</u>         |
|---|---------------------|---------------------|
| National Endowment for the Arts                             | \$ 65,000           | \$ -                |
| New York Department of Cultural Affairs                     | 99,250              | 67,390              |
| New York State Council of the Arts                          | 20,000              | 20,000              |
| New York City Department of Youth and Community Development | 4,924,745           | 5,220,084           |
| <b>Total</b>  | <u>\$ 5,108,995</u> | <u>\$ 5,307,474</u> |



**LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

## Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

**NOTE 6 OTHER FOUNDATIONS AND GRANTS**

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

| Funding Source                                   | 2021       | 2020       |
|--|------------|------------|
| Applebaum Foundation                             | \$ -       | \$ 30,000  |
| ASA General Services Corporation                 | 1,402      | -          |
| Avery Arts Foundation                            | -          | 2,000      |
| Axe-Houghton Foundation                          | 6,000      | 5,000      |
| Black Rock Inc.                                  | 25,540     | 8,267      |
| Casteel Family Foundation                        | -          | 5,000      |
| Centerview Partners LLC                          | 5,000      | -          |
| Con Edison                                       | 10,000     | 20,000     |
| Cornelia T. Bailey Foundation                    | 25,000     | 25,000     |
| Equinix Impact                                   | 2,400      | 1,670      |
| Harnisch Foundation                              | 7,000      | -          |
| Heat Makes Sense                                 | -          | 1,800      |
| Hilliard Fisher Foundation                       | -          | 7,500      |
| Hyde & Watson Foundation                         | 10,000     | -          |
| IBIS World                                       | 80,000     | -          |
| JPMorgan Chase Foundation                        | -          | 5,000      |
| Kind Foundation                                  | -          | 5,000      |
| LaPlaca Cohen                                    | -          | 1,030      |
| Laura J. Niles Foundation                        | -          | 5,000      |
| Leo Rosner Foundation                            | 10,000     | 15,000     |
| LinkedIn   | -          | 1,505      |
| Michael Tuch Foundation                          | 10,000     | 5,000      |
| Milton & Sally Avery Arts Foundation             | 10,000     | -          |
| Milton Susman Foundation                         | -          | 5,000      |
| MUFG Union Bank                                  | 5,000      | -          |
| National Grid                                    | 25,000     | -          |
| New York Community Trust                         | 75,000     | -          |
| New York Community Trust – Emergency Relief Fund | -          | 200,000    |
| New York Yankees                                 | 30,000     | 30,000     |
| Nora Roberts Foundation                          | 3,000      | 3,000      |
| Richenthal Foundation                            | 2,500      | 2,500      |
| Robert Lehman Foundation                         | 7,500      | -          |
| Rosenthal Family Foundation                      | 100,000    | 25,000     |
| Rubin Cohen Foundation                           | 2,500      | 3,000      |
| Sunshine Foundation                              | 10,000     | -          |
| Ted Snowden Foundation                           | 20,000     | 20,000     |
| The William T. Hillman Foundation                | 15,000     | -          |
| WW Norton and Company                            | -          | 1,100      |
| Youth Inc.                                       | 11,000     | -          |
| Individual amounts under \$1,000                 | 2,392      | 1,641      |
|  | \$ 511,234 | \$ 435,013 |

## **LEARNING THROUGH AN EXPANDED ARTS PROGRAM, INC.**

### Notes to Financial Statements

For the Years Ended June 30, 2021 and 2020

#### **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, 2020. Interest accrued at a variable rate impacted by LIBOR plus 3% per year, which was 12.054% as of June 30, 2020. The balance was paid off in full in July 2020, and the line of credit matured on July 15, 2021.

#### **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, matures on April 28, 2022 and bears interest at a rate of 1% per annum, 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, 2026. 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, 2021 and 2020

**NOTE 9 LEASE COMMITMENTS** *(continued)*

Future minimum lease payments are payable as follows:

| <u>Year Ending June 30</u> |                     |
|----------------------------|---------------------|
| 2022                       | \$ 241,641          |
| 2023                       | 248,890             |
| 2024                       | 256,367             |
| 2025                       | 264,048             |
| 2026                       | 271,969             |
| Thereafter                 | <u>93,376</u>       |
|                            | <u>\$ 1,376,281</u> |

Rent expense under these leases was \$235,378 and \$237,566 for the years ended June 30, 2021 and 2020, 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 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. LEAP received approximately 64% of total support and revenue under contracts with the New York City Department of Youth and Community Development and 35% with the New York City Department of Education for the fiscal year ended June 30, 2020. 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, 2021 and 2020

**NOTE 12      SUBSEQUENT EVENTS**

LEAP has performed subsequent event procedures through May 10, 2022, 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.

