NJ LEEP, INC.

Independent Auditors' Report and
Financial Statements for the
Year Ended June 30, 2022
(with Comparative totals for the
year ended June 30, 2021)

NJ LEEP, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of NJ LEEP, Inc.

Opinion

We have audited the accompanying financial statements of NJ LEEP, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and 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 NJ LEEP, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits 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 NJ LEEP, 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 NJ LEEP, Inc.'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, including omissions, 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 NJ LEEP, 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 NJ LEEP, 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 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 NJ LEEP, Inc's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fairfield, New Jersey
March 31, 2023

NJ LEEP, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	Without Donor Restrictions	With Donor Restrictions	2022	2021
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$ 1,835,320	$ 297,600	$ 2,132,920	$ 2,397,755
Investments	727,150	-	727,150	837,869
Unconditional promises to give	328,525	50,000	378,525	334,300
Grants Receivable	2,250	-	2,250	2,426
Prepaid expenses	154,418	-	154,418	61,942
Total current assets	3,047,663	347,600	3,395,263	3,634,292
NON-CURRENT ASSETS:				
Long-term unconditional promises to give, net	-	84,487	84,487	131,495
Property and equipment, net	82,677	-	82,677	-
Security deposit	-	-	-	14,875
Total non-current assets	82,677	84,487	167,164	146,370
TOTAL ASSETS	$ 3,130,340	$ 432,087	$ 3,562,427	$ 3,780,662
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES:				
Accounts payable	$ 41,298	$ -	$ 41,298	$ 7,822
Accrued expenses	156,794	-	156,794	143,416
Corrective contributions	2,762	-	2,762	9,287
Deferred rent	-	-	-	17,238
Total current liabilities	200,854	-	200,854	177,763
NET ASSETS:				
Without donor restrictions	2,929,486	-	2,929,486	2,835,391
With donor restrictions	-	432,087	432,087	767,508
Total net assets	2,929,486	432,087	3,361,573	3,602,899
TOTAL LIABILITIES AND NET ASSETS	$ 3,130,340	$ 432,087	$ 3,562,427	$ 3,780,662

NJ LEEP, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022	2021
PUBLIC SUPPORT AND REVENUES:				
Contributions	$ 585,301	$ 350,000	$ 935,301	$ 1,355,542
Special events	1,296,941	-	1,296,941	1,279,129
Non-cash contributions	115,575	-	115,575	103,876
Government funded assistance	15,000	-	15,000	19,426
Net assets released from restrictions:				
Satisfaction of purpose restrictions	685,421	(685,421)	-	-
Total public support and revenues	2,698,238	(335,421)	2,362,817	2,757,973
EXPENSES AND LOSSES:				
Program services:				
Educate and empower urban youth	1,845,782	-	1,845,782	1,321,763
Total program services	1,845,782	-	1,845,782	1,321,763
Supporting services:				
Management and general	342,416	-	342,416	520,622
Fundraising	314,005	-	314,005	239,376
Total supporting services	656,421	-	656,421	759,998
Total expenses and losses	2,502,203	-	2,502,203	2,081,761
Changes in net assets before non-operating activities	196,035	(335,421)	(139,386)	676,212
NON-OPERATING ACTIVITIES:				
Investment income	(110,660)	-	(110,660)	165,893
Gain on non-cash contributions	8,720	-	8,720	-
Forgiveness of refundable advance	-	-	-	195,170
Total non-operating activities	(101,940)	-	(101,940)	361,063
CHANGES IN NET ASSETS	94,095	(335,421)	(241,326)	1,037,275
NET ASSETS, BEGINNING OF YEAR	2,835,391	767,508	3,602,899	2,565,624
NET ASSETS, END OF YEAR	$ 2,929,486	$ 432,087	$ 3,361,573	$ 3,602,899

NJ LEEP, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	Program Services	Supporting Services			
	Educate and Empower Urban Youth	Management and General	Fundraising	2022	2021
Personnel costs:					
Salaries and wages	$ 930,511	$ 209,655	$ 163,148	$ 1,303,314	$ 1,163,126
Fringe benefits	91,515	18,349	18,043	127,907	112,632
Payroll taxes	96,925	23,635	18,881	139,441	120,243
Total personnel costs	1,118,951	251,639	200,072	1,570,662	1,396,001
Professional and consulting	349,196	51,656	50,468	451,320	268,280
Occupancy costs	196,359	26,142	28,169	250,670	183,177
Scholarships, stipends and gifts	43,246	-	-	43,246	85,077
Equipment, repairs and maintenance	49,370	3,418	3,030	55,818	4,851
Telephone, website and communications	40,915	2,627	10,477	54,019	90,449
Insurance	20,713	-	6,153	26,866	19,977
Supplies	12,197	33	5,587	17,817	6,307
Postage, printing and reproduction	7,255	1,488	5,799	14,542	11,771
Meetings and conferences	5,520	2,575	462	8,557	5,073
Licenses and fees	959	66	2,742	3,767	3,746
Miscellaneous	1,020	2,772	-	3,792	5,545
Travel	81	-	1,046	1,127	26
Total expenses before depreciation	1,845,782	342,416	314,005	2,502,203	2,080,280
Depreciation	-	-	-	-	1,481
Total expenses	$ 1,845,782	$ 342,416	$ 314,005	$ 2,502,203	$ 2,081,761

NJ LEEP, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (241,326)	$ 1,037,088
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	-	1,481
Unrealized loss (gain) on investments	130,370	(150,358)
(Increase) decrease in operating assets:		
Unconditional promises to give	2,783	(154,527)
Grants receivables	176	(2,426)
Prepaid expenses	(92,476)	(1,329)
Security deposit	14,875	-
Increase (decrease) in operating liabilities:		
Accounts payable	33,476	6,037
Accrued expenses	13,378	54,328
Compensated absences	-	(71,500)
Corrective contributions	(6,525)	(13,732)
Deferred rent	(17,238)	(5,304)
Net cash (used in) provided by operating activities	(162,507)	699,758
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(19,651)	(15,477)
Purchase of property and equipment	(82,677)	-
Net cash (used in) investing activities	(102,328)	(15,477)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Forgiveness of paycheck protection program loan	-	(195,170)
Net cash (used in) financing activities	-	(195,170)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(264,835)	489,111
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,397,755	1,908,644
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,132,920	$ 2,397,755

1. NATURE OF ACTIVITIES

NJ LEEP, Inc. (the "Organization") empowers urban youth from underserved neighborhoods in northern New Jersey to perform at high academic levels by building skills through law-related, mathematic, and other educational programs, developing the habits necessary for lasting success and community leadership, and offering exposure to those who have achieved academic and professional success. The Organization is a non-profit organization incorporated in July 2006 in the State of New Jersey and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting --- The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly revenues are recognized when received and expenses are recognized when incurred.

Basis of presentation --- The Organization prepares its financial statements utilizing the American Institute of Certified Public Accountants' Audit and Accounting Guide, *Nonprofit Organizations,* and other pronouncements applicable to not-for-profit organizations. The Organization presents its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Paragraphs 958-205-45-2(a) through (d), which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories according to the existence or absence of donor-imposed restrictions; net assets with donor restrictions and net assets without donor restrictions.

ASC Paragraphs 958-605-45-3 through 7, *Contributions Received*, requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions.

Accordingly, net assets of the Organization and changes therein would be classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Fair Value (hierarchy) of financial instruments --- The Organization measures fair value of its assets and liabilities as defined by FASB ASC Topic 820, *Fair Value Measurement and Disclosure*. This ASC Topic defines fair value, establishes a framework for measuring fair value, establishes a three-level fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements. The three fair value hierarchy levels are defined as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity has the ability to access at the measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Fair Value (hierarchy) of financial instruments (cont.) ---

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability.

Level 3 – Inputs are unobservable inputs for the assets and liabilities. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available. Unobservable inputs shall be developed based on the best information available in the circumstances, which might include the reporting entity's own data.

Unless otherwise noted, the fair values of financial instruments approximate their carrying values. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements.

As of June 30, 2022 and 2021, none of the assets (except for investments) and liabilities were required to be reported at fair value on a recurring basis. Carrying values of non-derivative financial instruments, including cash, accounts receivable, investments, accounts payable, and accrued expenses, approximate fair values due to the short-term nature of these financial instruments. There are no changes in methods or assumptions during the years ended June 30, 2022 and 2021.

Cash and cash equivalents --- For purposes of the statement of cash flow, the Organization considers all cash without donor restriction and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Restricted cash --- Restricted cash is the portion of cash that will be used to cover expenditures that have been purpose restricted by the donor.

Receivables --- Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Receivables (cont.) --- For the years ended June 30, 2022 and 2021, management believes all individual account balances are collectible and therefore has not applied an allowance against these accounts.

Impairment of long-lived assets --- The Organization continually evaluates whether current events or circumstances warrant adjustments to the carrying value or estimated useful lives of long-lived assets in accordance with the provisions of ASC 360-10-05, *Impairment or Disposals of Long-Lived Assets.*

Property and equipment --- Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of minor items are charged to earnings as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of activities.

The Organization's policy is to capitalize property and equipment with a purchase price of $5,000 or more and a useful life of one year or more based on the following schedule:

Asset Class	Years
Equipment	5
Leasehold improvements	15
Furniture and fixtures	15

Deferred rent --- The Organization uses the straight line method to determine rental costs over the term of the lease in order to match the timing of the benefit derived from the leased property.

Compensated absences --- In accordance with the Organization's policy handbook, employees may carry over up to forty hours of accrued, unused paid sick time from one year to the next. Employees accrue time from September 1st to August 31st annually. Accrued, unused paid sick time will not be paid out at separation from employment. Additionally, employees may carry over up to five vacation days per year, with no accumulation.

Revenue and support recognition --- Contributions, including unconditional promises to give, are recorded as received. All contributions are available for use unless specifically restricted by the donor. The Organization has a policy of classifying donations with donor restrictions as without donor restrictions when those restrictions are met in the same reporting period. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using interest rates consistent with unsecured individual credit rates applicable to the years in which the promises to give are to be received. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Special events revenue is considered an exchange transaction and, accordingly, amounts are recognized when the event takes place and matched against expenses. Additionally, funds received in advance of the event(s) are accounted for as deferred revenue in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Revenue and support recognition (cont.) --- The Organization discloses all non-cash contributions of goods and services regardless of whether the goods and/ or services received are recognized as revenue in the financial statements. Items sold to the public or used in fundraising are reported as revenue at the cash value received in the exchange at the time of sale, with the resulting non-operating gain or loss being the difference between the fair value received from the donor and the cash received at the time of the sale. Alternatively, if a nonfinancial asset is used internally and otherwise not sold, the revenue is offset by the asset or related expense.

The Organization considers government funded assistance conditional contributions. The Organization receives advance payments on its grant. Although management recognizes the revenue at the beginning of the year, at year end, a reconciliation of allowable expenditures under the grant contract is performed and the Organization at that time, adjusts revenue up to the amount of allowance expenditures incurred.

Income taxes --- The Organization is a not-for-profit organization described under Section 501(c)(3) of the Internal Revenue Code ("I.R.C.") and is therefore exempt from federal income taxes under Section 501(a) of the I.R.C. The Organization is also exempt under Title 15 of the State of New Jersey *Corporations and Associations Not for Profit Act*. Accordingly, no provision for Federal or State income taxes has been presented in the accompanying financial statements.

The Organization adheres to FASB ASC Topic 740, *Income Taxes,* which provides guidance and clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on de-recognition, classification, interest and penalties, disclosure and transition. For the years ended June 30, 2022 and 2021, the Organization has no material uncertain tax positions to be accounted for in the financial statements.

Annually, the Organization files an informational return with the United States Internal Revenue Service. The Organization also files an annual charitable registration with the State of New Jersey, Division of Consumer Affairs. All required informational returns have been filed and all taxes, if any, have been paid. The Organization is subject to tax examinations generally within three years from the latest filing date.

Use of estimates --- The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses --- Expenses are charged to each program based on direct expenditures incurred. Any program or supporting service expenditure not directly chargeable is allocated based on an indirect cost pool that is reasonable and consistently applied.

Allocated indirect expenditures include salaries and benefits, which are allocated on the basis of estimates of time and effort, supported by timesheets and time analysis. The indirect labor hours cost pool serves as the basis for allocating all other indirect costs.

3. RISKS AND UNCERTANTIES

Arising from cash deposits in excess of insured limits --- The Organization maintains its cash in two financial institutions located in New Jersey. During the year, cash balances can exceed federally insured limits of $250,000.

Funding dependence --- All of the funding for the Organization comes from donor and government assistance. This funding is dependent upon monies from individuals, government agencies and other nonprofits or foundations, accordingly there is no guarantee that such funding will continue.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization deposits excess cash balances into an investment account. Per the Organization's investment policy, the assets purchased are mutual funds, traded in active markets for which daily closing prices are measured primarily on a net asset value basis. The value of these assets as of June 30, 2022 and 2021 were $727,150 and $837,869, respectively.

5. INVESTMENT INCOME

The cost basis and estimated fair value of investments held as available for sale by the Organization at June 30, 2022 and 2021 are as follows:

June 30, 2022	Cost	Gross Unrealized Holdings Gains	Gross Unrealized Holdings Losses	Fair Value
Mutual funds	$ 660,800	$ 74,370	$ 8,020	$ 727,150

June 30, 2021	Cost	Gross Unrealized Holdings Gains	Gross Unrealized Holdings Losses	Fair Value
Mutual funds	$ 641,149	$ 196,720	$ -	$ 837,869

The composition of investment returns included in net assets without donor restrictions in the statement of activities for the years ended June 30, 2022 and 2021, are as follows:

	2022	2021
Dividends	$ 19,238	$ 16,769
Net realized gains on investments	472	481
Change in net unrealized gains	(130,370)	148,643
Total	$ (110,660)	$ 165,893

6. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2022 and 2021:

	2022	2021
Promises without donor restrictions	$ 328,525	$ 174,300
Promises with donor restrictions:		
Summer program	-	35,000
Middle school program	-	75,000
Time restriction	150,000	200,000
Gross unconditional promises to give	478,525	484,300
Less: Discount for long-term pledges	(15,513)	(18,505)
Net unconditional promises to give	$ 463,012	$ 465,795

Promises to give due in more than one year are recognized at fair value, using present value techniques and discount rates of approximately 7% based on risk adjusted credit ratings. These rates are adjusted annually based on the market.

	2022	2021
Amounts due:		
Less than one year	$ 378,525	$ 334,300
One to five years	84,487	131,495
Unconditional promises to give, net	$ 463,012	$ 461,991

7. PROPERTY AND EQUIPMENT

A summary of the Organization's property and equipment as of June 30, 2022 and 2021:

	2022	2021
Computer equipment	$ 7,726	$ 7,726
Leasehold improvements	82,677	-
Total	90,403	7,726
Less: accumulated depreciation	(7,726)	(7,726)
Total	$ 82,677	$ -

The total depreciation expenses charged to operations for the years ended June 30, 2022 and 2021 were \$0 and \$1,481, respectively. In accordance with the Organization's new lease agreement further detailed in Note 15, as of June 30, 2022, leasehold improvements made during the year were not yet placed in service.

8. PREPAID EXPENSES

Prepaid expenses consisted of the following at June 30, 2022 and 2021:

	2022	2021
Enrichment programs	$ 97,898	$ 3,134
Technology	20,937	18,931
Insurance	18,467	22,761
Rent	17,116	17,116
Total	$ 154,418	$ 61,942

9. CORRECTIVE CONTRIBUTIONS

In 2020, management became aware of certain operating deficiencies surrounding its SIMPLE IRA plan (the “Plan). The Organization fixed the deficiency through a self-correction program offered by the Department of Labor. As of June 30, 2022 and 2021, corrective contributions remaining to be paid to the plan were $2,762 and $9,474, respectively.

10. COMMITMENTS

The Organization entered into a five-year lease agreement for a copier that expires in December of 2024. Total annual payments on the lease are $4,752, paid monthly.

Future minimum payments due under all operating leases in effect at June 30, 2022 are as follows:

2023	$ 4,752
2024	2,376
	$ 7,128

In January of 2022, the Organization terminated its existing lease and relocated to a new space on April 1, 2022. The lease operated on a month-to-month basis through June 30, 2022.

11. NET ASSETS

Net assets with donor restrictions available at June 30, 2022 and 2021:

	2022	2021
Middle school program	$ 75,000	$ 150,000
Diversity, equity & inclusion program	100,164	243,408
Instructional program manager	61,923	50,000
College application program	20,000	17,000
College student access	-	20,000
Summer program	-	35,000
Office furniture and equipment	25,000	-
Passage of time	150,000	252,100
Total net assets with donor restrictions	$ 432,087	$ 767,508

Net assets released from donor-imposed restrictions by satisfying the purpose for which they were donated are as follows:

	2022	2021
Middle school program	$ 125,000	$ 166,470
College student success	55,000	35,000
College Application Program	17,000	-
College bound	65,000	42,000
High School Program	15,000	-
Instructional program manager	38,077	-
Legal diversity pipeline	40,000	35,000
Diversity, equity & inclusion program	143,244	6,592
Support change over to virtual instruction	-	5,000
Technology expenditures	-	10,000
STEM for MSP	15,000	-
STEM for MSP and HSP	10,000	-
Summer law institute fellows	25,000	-
Summer program	35,000	-
Passage of time	102,100	100,000
Total restrictions satisfied	$ 685,421	$ 400,062

12. NON-CASH CONTRIBUTIONS

Non-cash contributions of $115,575 and $103,876 were provided to the Organization from donors for the years ended June 30, 2022 and 2021. Of those amounts $98,845 and $103,876 were used internally for program operations for the years ended June 30, 2022 and 2021. Accordingly, the offsetting expenses for these amounts are included in program expenses, professional and consulting on the statement of functional expenses as of June 30, 2022 and 2021.

For the year ended June 30, 2022, non-cash contributions valued at $16,730 were sold at fundraising events for $25,450 the night of the events. Accordingly, a gain of $8,720 has been recognized on the statement of activities in non-operating activities.

13. FRINGE BENEFITS

The Organization's fringe benefit package is offered to all full-time employees who are regularly scheduled to work at least thirty-five hours per week. Benefits become effective immediately following the employee's date of hire. These benefits include medical and dental insurance, paid vacation, sick and/ or personal days. For the years ended June 30, 2022 and 2021, the fringe benefits paid by the Organization were $97,109 and $87,896, respectively.

On December 31, 2018, the Organization terminated the existing non-contributory 403(b) Plan and started a contributory, defined contribution Plan by offering a SIMPLE IRA. Employees are eligible to defer contributions and receive the 3% employer match, immediately upon hire. The Organization's retirement plan is in conformity with the Employee Retirement Income Security Act of 1974 and its successor legislation.

For tax purposes, management believes that the plan is operating as a qualified plan (except as detailed in Note 9), however at this time the Internal Revenue Service has not issued formal opinions on SIMPLE IRA plans. The Plan operates on a calendar year basis. For the year ended June 30, 2022 and 2021, the Organization contributed $30,798 and $24,923 into to the Plan, respectively.

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management anticipates meeting general expenditures within one year of the date of the statement of financial position with the funding provided by anticipated contributions from the general public.

14. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONT.)

The following reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general use:

	2022	2021
Financial assets at year-end	$ 3,395,263	$ 3,634,292
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted funding	432,087	767,508
Prepaid expenses	154,418	61,942
Financial assets available to meet cash needs for general expenditure within one year	$ 2,808,758	$ 2,804,842

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 31, 2023, the date on which the financial statements were available to be issued, and have determined that except for the following, there are no subsequent events that require disclosure.

Building lease --- On January 13, 2022, the Organization entered into contract for an operating lease for its facility. Per the contract, the lease commences on September 19, 2022 and expires on September 30, 2032. The lease contains two renewal periods. Payments under the lease contract increase annually on October 1st, as follows:

Period	Annual Minimum Rent
Year 1	$ 357,406
Year 2	365,069
Year 3	373,069
Year 4	380,531
Year 5	388,141
Year 6	395,904
Year 7	403,822
Year 8	411,899
Year 9	420,137
Year 10	428,539
Total	$ 3,924,517