

**NJ LEEP, INC.**

Financial Statements for the  
Year Ended August 31, 2017 (with Comparative  
Totals for the Year Ended August 31, 2016) and  
Independent Auditors' Report

# **NJ LEEP, INC.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of  
NJ LEEP, Inc.

We have audited the accompanying financial statements of NJ LEEP, Inc., (a nonprofit organization) which comprise the statement of financial position as of August 31, 2017, and the related statement of activities, functional expenses and cash flows for the year 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NJ LEEP, Inc., as of August 31, 2017, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited NJ LEEP, Inc.'s 2016 financial statements, and our report dated January 12, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Quillari Caruso LLC*

Fairfield, New Jersey  
January 15, 2018

**NJ LEEP, INC.**

**STATEMENT OF FINANCIAL POSITION**

**AS OF AUGUST 31, 2017**

**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Total</u>	
			<u>2017</u>	<u>2016</u>
<b>ASSETS</b>				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,472,331	\$ 125,509	\$ 1,597,840	\$ 1,325,690
Accounts receivable	27,653	-	27,653	13,545
Unconditional promises to give, net	13,400	116,500	129,900	177,892
Prepaid expenses	58,324	-	58,324	16,391
Total current assets	<u>1,571,708</u>	<u>242,009</u>	<u>1,813,717</u>	<u>1,533,518</u>
EQUIPMENT, NET	6,117	-	6,117	7,663
LONG TERM UNCONDITIONAL PROMISES TO GIVE, NET	-	8,696	8,696	29,300
SECURITY DEPOSIT	<u>14,875</u>	<u>-</u>	<u>14,875</u>	<u>14,875</u>
TOTAL ASSETS	<u>\$ 1,592,700</u>	<u>\$ 250,705</u>	<u>\$ 1,843,405</u>	<u>\$ 1,585,356</u>
<b>LIABILITIES AND NET ASSETS</b>				
CURRENT LIABILITIES:				
Accrued expenses	\$ 63,496	\$ -	\$ 63,496	\$ 33,218
Accounts payable	6,500	-	6,500	9,079
Due to grantor	10,038	-	10,038	-
Deferred rent	<u>38,454</u>	<u>-</u>	<u>38,454</u>	<u>43,758</u>
TOTAL LIABILITIES	<u>118,488</u>	<u>-</u>	<u>118,488</u>	<u>86,055</u>
COMMITMENTS				
NET ASSETS:				
Unrestricted net assets	1,474,212	-	1,474,212	1,099,123
Temporarily restricted net assets	<u>-</u>	<u>250,705</u>	<u>250,705</u>	<u>400,178</u>
Total net assets	<u>1,474,212</u>	<u>250,705</u>	<u>1,724,917</u>	<u>1,499,301</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,592,700</u>	<u>\$ 250,705</u>	<u>\$ 1,843,405</u>	<u>\$ 1,585,356</u>

**NJ LEEP, INC.**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED AUGUST 31, 2017  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total	
			2017	2016
<b>PUBLIC SUPPORT, REVENUES AND RECLASSIFICATIONS:</b>				
Special events	\$ 1,055,770	\$ -	\$ 1,055,770	\$ 976,402
Contributions	528,031	237,063	765,094	564,457
Non-cash contributions	350,000	-	350,000	517,688
Donated use of facilities	50,000	-	50,000	50,000
State funded programs	37,500	-	37,500	35,000
Fee for service	-	-	-	4,240
Net assets released from restrictions				
Satisfaction of purpose restrictions	386,536	(386,536)	-	-
	<u>2,407,837</u>	<u>(149,473)</u>	<u>2,258,364</u>	<u>2,147,787</u>
Total public support, revenues, and reclassifications				
<b>EXPENSES AND LOSSES:</b>				
Program services:				
College bound program for urban youth	1,599,705	-	1,599,705	1,459,605
Total program services	<u>1,599,705</u>	<u>-</u>	<u>1,599,705</u>	<u>1,459,605</u>
Supporting services:				
Management and general	104,602	-	104,602	105,912
Fundraising	327,522	-	327,522	210,976
Total supporting services	<u>432,124</u>	<u>-</u>	<u>432,124</u>	<u>316,888</u>
Total expenses and losses	<u>2,031,829</u>	<u>-</u>	<u>2,031,829</u>	<u>1,776,493</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>				
Bad debt	(1,000)	-	(1,000)	(606)
Interest income	81	-	81	60
Total non-operating income (expense)	<u>(919)</u>	<u>-</u>	<u>(919)</u>	<u>(546)</u>
CHANGE IN NET ASSETS	375,089	(149,473)	225,616	370,748
NET ASSETS, BEGINNING OF YEAR	<u>1,099,123</u>	<u>400,178</u>	<u>1,499,301</u>	<u>1,128,553</u>
NET ASSETS, END OF YEAR	<u>\$ 1,474,212</u>	<u>\$ 250,705</u>	<u>\$ 1,724,917</u>	<u>\$ 1,499,301</u>

**NJ LEEP, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2017  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED AUGUST 31, 2016)**

	Program Services	Supporting Services		Total	
	College bound program for urban youth	Management and General	Fundraising	2017	2016
Personnel costs:					
Salaries and wages	\$ 574,821	\$ 66,090	\$ 136,343	\$ 777,254	\$ 545,035
Fringe benefits	35,221	3,953	8,267	47,441	33,053
Payroll taxes	60,198	5,819	13,580	79,597	57,529
Total personnel costs	670,240	75,862	158,190	904,292	635,617
Contract personnel	31,828	922	667	33,417	23,154
Educational materials license	63,426	-	-	63,426	60,720
Equipment rental	4,294	462	1,013	5,769	4,713
Event space for fundraising activities	8,980	-	87,829	96,809	84,350
Insurance	10,976	1,199	2,529	14,704	14,535
Meetings and conferences	6,904	810	2,398	10,112	5,308
Miscellaneous	3,588	1,232	2,075	6,895	7,636
Occupancy costs	235,959	3,849	14,487	254,295	239,399
Postage, printing and reproduction	2,899	142	16,660	19,701	15,868
Professional and consulting	393,986	14,006	11,535	419,527	583,963
Refund to grantor	10,038	-	-	10,038	-
Scholarships and stipends	46,617	-	-	46,617	34,041
Supplies	61,298	2,493	24,712	88,503	41,078
Telephone, website and communications	22,965	1,893	3,655	28,513	17,554
Travel and transportation	25,707	186	1,772	27,665	8,493
	1,599,705	103,056	327,522	2,030,283	1,776,429
Depreciation	-	1,546	-	1,546	64
Total expenses	\$ 1,599,705	\$ 104,602	\$ 327,522	\$ 2,031,829	\$ 1,776,493

# NJ LEEP, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 225,616	\$ 370,748
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for bad debt	1,000	606
Depreciation	1,546	64
(Increase) decrease in operating assets:		
Accounts receivable	(15,108)	79,636
Unconditional promises to give, net	68,596	(94,974)
Prepaid expenses	(41,933)	(24,488)
Increase (decrease) in operating liabilities:		
Accrued expenses	30,278	9,282
Accounts payable	(2,579)	9,079
Due to grantor	10,038	-
Deferred revenue	(5,304)	(5,304)
Net cash provided by operating activities	<u>272,150</u>	<u>344,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	-	(7,727)
Net cash used in investing activities	<u>-</u>	<u>(7,727)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	272,150	336,922
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,325,690</u>	<u>988,768</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,597,840</u></u>	<u><u>\$ 1,325,690</u></u>



# NJ LEEP, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016

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### 1. NATURE OF ACTIVITIES

NJ LEEP, Inc. (the "Organization") is a four-year college access and success program serving low-income and first-generation students in the greater Newark area. Our college bound program empowers students with the academic and social-emotional skills to succeed in college and beyond, through intensive after-school, Saturday, and summer programming. 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.

**Basis of presentation** --- The Organization presents its financial statements using guidance provided by the American Institute of Certified Public Accountants' Audit & Accounting Guide for *Not-for-Profit Entities*. The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) in preparing and presenting their financial statements. ASC Paragraphs 958-205-45-2(a) through (d) establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. This represents the portion of expendable funds available to support the Organization's programs and activities.

Temporarily restricted net assets - 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. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had \$250,705 and \$400,178 of temporarily restricted net assets for the years ended August 31, 2017 and 2016, respectively.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions stipulate that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets in 2017 and 2016.

# NJ LEEP, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016 (CONTINUED)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**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 – Financial assets and liabilities that use inputs which 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.

Level 2 – Financial assets and liabilities that use inputs to the valuation methodology which 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; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable in the market and significant to the overall fair value measurement. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the asset or liability, and are based on the best available information, some of which is internally developed. 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.

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 within different levels of the hierarchy, the level within the which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value.

# NJ LEEP, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016 (CONTINUED)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**Fair Value (hierarchy) of financial instruments (cont.)** --- As of August 31, 2017 and 2016, none of the assets and liabilities were required to be reported on a recurring basis. Carrying value of non-derivative instruments, including cash, accounts receivable, unconditional promises to give, accounts payable and accrued expenses, approximate fair value due to the short term nature of these financial instruments. There are no changes in methods or assumptions during the year ended August 31, 2017 and 2016.

**Cash and cash equivalents** ---The Organization considers all restricted and unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

**Accounts receivable** --- Accounts receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to accounts receivable and a credit to the allowance for doubtful accounts based on its assessment of the current status of individual accounts and historical trends. Balances still outstanding after management has used reasonable collection efforts are written off as bad debt expense. In 2017 and 2016, no allowance has been set up as management's assessment of trends and historical analysis assures that all balances will be received.

**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:

<u>Asset Class</u>	<u>Years</u>
Equipment	5
Leasehold improvements	15
Furniture and fixtures	15

**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 property and equipment in accordance with the provisions of ASC 360-10-05, *Impairment or Disposals of Long-Lived Assets*.

# NJ LEEP, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016 (CONTINUED)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**Revenue and support recognition** --- Contributions, including unconditional promises to give, are recorded as received. All contributions are available for unrestricted use unless specifically restricted by the donor. 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.

The Organization accounts for fundraising in the statement of activities to the extent that expenses have been incurred for the purpose specified by the customer during the period.

Funds received in advance of their proper usage are accounted for as deferred revenue in the statement of financial position.

**Donated services** --- Donated professional services amounted to \$350,000 and \$517,688 for the years ended August 31, 2017 and 2016. Other individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

**Donated goods** --- Donated use of facilities for program activities presented at its fair value on the Statement of Activities amounted to \$50,000 and \$50,000, respectively for years ended August 31, 2017 and 2016.

**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 August 31, 2017 and 2016, 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 tax returns have been filed and all taxes have been paid. The Organization is no longer subject to tax examinations for tax years ended August 31, 2013 and prior.

# NJ LEEP, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016 (CONTINUED)

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

**Functional allocation of expenses** --- Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on units of service and support costs are allocated to programs based on time spent. Program expenses are those related to college bound programming for urban youth. Management and general and fundraising expenses include direct costs of the operation of the program and special events based on allocation methods considered by management to be reasonable.

**Total columns** --- The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2016, from which the summarized information was derived.

**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.

**Reclassification** --- Certain amounts from prior year financial statements have been reclassified to conform to current year presentation.

**Management evaluation** --- Management has evaluated subsequent events through January 15, 2018, the date on which the financial statements were available to be issued, and have determined that there are no subsequent events that require disclosure.

### 3. CONCENTRATIONS OF CREDIT RISK

**Arising from cash deposits in excess of insured limits** --- The Organization maintains the majority of its cash accounts in two financial institution located in northern New Jersey. During the year, cash balances can exceed federally insured limits of \$250,000. Management believes that the Organization has no significant risk of loss on these amounts due to the failure of the institution.

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

# NJ LEEP, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016 (CONTINUED)

### 4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following at August 31, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Unrestricted promises	\$ 13,400	\$ 177,892
Temporarily restricted promises:		
Passage of time	35,000	35,000
College bound program	91,500	-
Gross unconditional promises to give	<u>139,900</u>	<u>212,892</u>
Less: Discount for long-term pledges	<u>1,304</u>	<u>5,700</u>
Net unconditional promises to give	<u>\$ 138,596</u>	<u>\$ 207,192</u>

Promises to give due in more than one year are recognized at fair value, using present value techniques and discount rates of approximately 13% - 17% based on risk adjusted credit ratings. These rates are adjusted annually based on the market.

	<u>2017</u>	<u>2016</u>
<i>Amounts due:</i>		
Less than one year	\$ 129,900	\$ 177,892
One to five years	10,000	35,000
Total unconditional promises to give	<u>139,900</u>	<u>212,892</u>
Less: Present value discount	<u>1,304</u>	<u>5,700</u>
Unconditional promises to give, net	<u>\$ 138,596</u>	<u>\$ 207,192</u>

### 5. EQUIPMENT

A Summary of the Organization's property and equipment as of August 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 7,727	\$ 7,727
Less: Accumulated depreciation	1,610	64
Total	<u>\$ 6,117</u>	<u>\$ 7,663</u>

The total depreciation expense charged to operations for the years ended June 30, 2017 and 2016 was \$1,546 and \$64, respectively.

# NJ LEEP, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016 (CONTINUED)

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### 6. COMMITMENTS

The Organization entered into an agreement commencing August 1, 2014 for the lease of facilities in Northern New Jersey for programmatic educational meetings. The lease terminates on November 30, 2024 and includes a one-time five-year extension option.

The Organization entered into a service agreement for internet and software maintenance commencing October 1, 2016 and terminating September 30, 2019.

The Organization entered into a service agreement for copying services commencing March 1, 2016 and terminating February 28, 2020.

The Organization also leases two postage meters for business office purposes through 2018.

Future minimum payments due under all operating leases in effect at August 31, 2017 are as follows:

2018	\$	187,310
2019		186,856
2020		180,428
2021		178,500
2022		178,500
Thereafter		357,000
		<hr/>
	\$	1,268,594
		<hr/> <hr/>

### 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets available at August 31, 2017 are as follows:

	<u>2017</u>	<u>2016</u>
College bound	\$ 58,823	\$ 43,143
Family engagement	149,882	160,407
Leadership	-	40,000
Mental health	6,000	75,000
Science and math enrichment	-	1,589
Parent council	1,000	1,000
Equipment	-	9,000
Scholarships	-	10,039
Passage of time	35,000	60,000
Total temporarily restricted net assets	<u>\$ 250,705</u>	<u>\$ 400,178</u>

# NJ LEEP, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED AUGUST 31, 2017 AND 2016 (CONTINUED)

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### 7. TEMPORARILY RESTRICTED NET ASSETS (CONT.)

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

	<u>2017</u>	<u>2016</u>
College bound	\$ 88,483	\$ 17,089
Family engagement	185,525	90,000
Equipment	9,000	10,000
Mental health	69,000	-
Science and math enrichment	1,589	-
Naming rights	-	7,500
Scholarships	7,939	6,745
Passage of time	25,000	25,000
Leadership	-	40,000
Total restrictions satisfied	<u>\$ 386,536</u>	<u>\$ 196,334</u>

### 8. 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 August 31, 2017 and 2016, the Organization expended \$47,441 and \$33,053, respectfully on fringe benefits.

### 9. RETIREMENT PLAN

The Organization has established a 403(b) defined contribution retirement plan (the "Plan"). 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, however at this time the Internal Revenue Service has not issued formal opinions on 403(b) plans. The Plan runs from September 1<sup>st</sup> through August 31<sup>st</sup>. Full time employees become eligible to participate in the plan after one year of continuous service. Management may make discretionary contributions to the Plan. Employees are eligible for discretionary contributions after three years of continuous service. For the years ended August 31, 2017 and 2016 no discretionary contributions were made by the Organization.

### 10. RELATED PARTY TRANSACTIONS

**Seton Hall Law School** --- Seton Hall Law School provides space for NJ LEEP, Inc.'s operations. The fair market value of the space provided is approximately \$50,000, which is included in non-cash contributions on the Statement of Activities. Additionally, Seton Hall Law School provides NJ LEEP, Inc., the shared use of copy machines, technical support and space for fundraising events and conferences. In exchange for the aforementioned non-cash donations, NJ LEEP, Inc. reserves a seat on the Board of Trustees for both a faculty member and the Dean of Seton Hall Law School amongst other acknowledgements.