LEADERSHIP EDUCATION FOR ASIAN PACIFICS

AUDITED FINANCIAL REPORTS

OCTOBER 31, 2023 AND 2022

LEADERSHIP EDUCATION FOR ASIAN PACIFICS
(A NONPROFIT ORGANIZATION)

FOR THE YEARS ENDED OCTOBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Leadership Education for Asian Pacifics

Opinion

We have audited the accompanying financial statements of Leadership Education for Asian Pacifics (a nonprofit organization), which comprise the statement of financial position as of October 31, 2023 and October 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leadership Education for Asian Pacifics as of October 31, 2023 and October 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leadership Education for Asian Pacifics and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter

As discussed in Note 14 of the financial statements, there was a misstatement resulting in amounts previously reported for restricted cash as of October 31, 2022. Accordingly, the October 31, 2022 financial statements have been restated to correct the misstatement. Our opinion is not modified with respect to that matter

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 Leadership Education for Asian Pacifics' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Leadership Education for Asian Pacifics' 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 Leadership Education for Asian Pacifics' 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.

Kiyohara + Takahashi LLP

City of Industry, CA

January 31, 2024

LEAP (LEADERSHIP EDUCATION FOR ASIAN PACIFICS)
STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2023 AND 2022

	2023	2022
ASSETS		
Current assets		
Cash	$ 1,198,724	$ 1,244,933
Accounts receivable, net of allowance	532,950	371,127
Prepaid expenses	58,481	56,142
Total current assets	1,790,155	1,672,202
Property and equipment, net of accumulated depreciation	4,094	12,070
Other assets		
Right of use assets - operating	208,726	-
Restricted cash	179,630	205,231
Deposits	3,666	3,329
Total other assets	392,022	208,560
Total assets	$ 2,186,271	$ 1,892,832
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	$ 364,485	$ 326,570
Unearned program revenues	429,216	295,206
Lease liabilities - operating - current	35,876	-
Total current liabilities	829,577	621,776
Long-term liabilities		
Deferred rent payable, long term	-	2,170
Lease liabilities - operating - noncurrent	176,769	-
Total long-term liabilities	176,769	2,170
Total liabilities	1,006,346	623,946
Net assets		
Net assets without donor restrictions	921,854	915,753
Net assets with donor restrictions	258,071	353,133
Total net assets	1,179,925	1,268,886
Total liabilities and net assets	$ 2,186,271	$ 1,892,832

See accompanying notes to financial statements.

LEAP (LEADERSHIP EDUCATION FOR ASIAN PACIFICS)
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
OCTOBER 31, 2023 AND 2022

	2023			2022		
	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
SUPPORT AND REVENUE						
Support						
Grant income	$ 56,730	$ -	$ 56,730	$ 9,000	$ -	$ 9,000
Donations	1,118,879	195,000	1,313,879	1,053,042	290,062	1,343,104
In-kind donations	206,167		206,167	368,403		368,403
Special events and others	330,947		330,947	336,762		336,762
Revenue						
LEAP Advance	73,750		73,750	94,829		94,829
LEAP Pathways	302,666		302,666	112,500		112,500
Leadership workshops	406,880		406,880	462,366		462,366
Exceed Executive program	138,500		138,500	358,000		358,000
Other	94,243		94,243	69,225		69,225
Net assets released from restrictions	290,062	(290,062)	-	288,674	(288,674)	-
Total support and revenue	3,018,824	(95,062)	2,923,762	3,152,801	1,388	3,154,189
EXPENSES						
Program services	2,325,057		2,325,057	2,084,528		2,084,528
Management & general	439,912		439,912	342,215		342,215
Fundraising	247,754		247,754	232,587		232,587
Total expenses	3,012,723	-	3,012,723	2,659,330	-	2,659,330
CHANGE IN NET ASSETS	6,101	(95,062)	(88,961)	493,471	1,388	494,859
NET ASSETS , beginning of year	915,753	353,133	1,268,886	422,282	351,745	774,027
NET ASSETS, end of year	$ 921,854	$ 258,071	$ 1,179,925	$ 915,753	$ 353,133	$ 1,268,886

See accompanying notes to financial statements.

LEAP (LEADERSHIP EDUCATION FOR ASIAN PACIFICS)
STATEMENTS OF CASH FLOWS
OCTOBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (88,961)	$ 494,859
Adjustments to reconcile change in net assets to net cash provided by operating activites:		
Depreciation and amortization	9,657	9,753
Loss on disposal	-	375
(Increase) decrease in:		
Accounts receivable	(161,823)	(139,864)
Right of use assets	(208,726)	
Deposits	(337)	
Prepaid expenses	(2,339)	(21,170)
Increase (decrease) in:		
Accounts payable and accrued expenses	37,915	120,428
Lease liabilities	212,645	
Deferred rent payable	(2,170)	(2,170)
Unearned program revenues	134,010	(298,809)
Net cash used in operating activities	(70,129)	163,402
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(1,681)	(1,955)
Net cash used in investing activities	(1,681)	(1,955)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of debt	-	(140,011)
Net cash used in financing activities	-	(140,011)
NET INCREASE/(DECREASE) IN CASH AND RESTRICTED CASH	(71,810)	21,436
CASH AND RESTRICTED CASH, beginning of year	1,450,164	1,428,728
CASH AND RESTRICTED CASH, end of year	$ 1,378,354	$ 1,450,164
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	$ -	$ 2,335
SUPPLEMENTAL DISCLOSURE OF NON-CASH INFORMATION		
Value of in-kind contributions received	$ 206,167	$ 368,403

See accompanying notes to financial statements.

Note 1 – Organization and Purpose

Founded in 1982, LEAP (Leadership Education for Asian Pacifics) is a national, nonprofit organization, with a vision of "diverse leaders shaping communities for the benefit of all" and a mission to "achieve full participation and equality for Asian and Pacific Islanders (APIs) through leadership, empowerment, and policy." It started with a simple yet powerful idea: that in order for API communities to realize their full potential and to foster robust participation in this increasingly globalized world, these communities would have to begin producing leaders who could advocate and speak on their behalf.

LEAP's experience providing culturally relevant workshops and programs to more than 125,000 people across the nation indicates that challenges and roadblocks continue to exist for APIs and their climb into leadership. Additionally, despite steady and rapid Asian and Pacific Islander population growth, LEAP's own leadership research indicates APIs continue to be underrepresented in leadership roles across sectors.

Thus, the role of LEAP in the API community continues to be essential as we strive to grow leaders for all sectors of society. Guided by the philosophy: "Keep Your Values. Develop New Skills.®", LEAP believes that Asian and Pacific Islanders can retain their culture, identity and values while developing new and vital skills that will enable them to be effective leaders in their organizations, their communities and the broader society. Over 2,700 LEAP leadership development programs, workshops, and presentations anchored by this guiding philosophy have been delivered to clients including: colleges and universities, community and student organizations, federal and state government agencies and Fortune 1000 companies across the country. Additionally, to further understanding of issues relevant to the API community, LEAP conducts leadership research to evaluate API representation at the highest levels of the American workplace including governing boards of directors in the corporate, foundation, and nonprofit sectors.

Intent on "growing leaders", LEAP's core strategic approach is ***Developing People***, because leaders are made not born and need to be at the decision-making table; ***Informing Society***, because leaders need to know the issues and be a voice for the communities they are representing or advocating for; ***Empowering Communities***, because strong leaders give back to and are grounded in strong, vibrant communities.

LEAP is currently the only Asian and Pacific Islander organization dedicated to cultivating a robust pipeline of leaders by encouraging individuals to assume leadership positions at work and in the community, and ultimately, become role models for future leaders.

Note 2 – Summary of Significant Accounting Policies

This summary of significant accounting policies of LEAP (the "Organization") is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Cash and cash equivalents
For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with initial maturities of three months or less to be cash equivalents.

Property and equipment
Purchased property and equipment are stated at cost and depreciated or amortized over the useful life of each asset. The Organization has adopted a policy to capitalize purchases over $1,000. Depreciation and amortization are computed using the straight-line method. Repairs and maintenance are charged to expense when incurred.

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts receivable
The balance in accounts receivable represent program service fees charged for workshops and programs offered by the Organization as well as contributions receivable. Receivables are due upon presentment and delinquent if unpaid 90 days after receipt.

The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its supporters to make payments. Management considers the following factors when determining the collectability of specific supporter accounts: supporter credit-worthiness, past transaction history with supporter, current economic industry trends, and other factors that may affect the supporter's ability to pay. If the financial condition of the Organization's supporters were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

As of October 31, 2023, balances due from two organizations accounted for approximately 62% of total receivables. Amounts due from these organizations totaled $330,000 as of October 31, 2023. As of October 31, 2022, balances due from two organizations accounted for approximately 70% of total receivables. Amounts due from these organizations totaled $260,000 as of October 31, 2022.

Income taxes
The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 3- Recent Adopted Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard effective November 1, 2022 and recognized and measured leases existing at, or entered into after, November 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended October 31, 2022 are made under prior lease guidance in FASB ASC 840.

The Company elected the available practical expedients to account for existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement

The Company also elected the practical expedient available to private companies to use a risk-free rate to discount lease payments rather than using an incremental borrowing rate. Real property is the asset class where risk-free rate election was made.

The standard had a material impact on our balance sheet, but did not have an impact on our income statement, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Note 3- Recent Adopted Accounting Guidance (continued)

As a result of the adoption of the new lease accounting guidance, we recognized on November 1, 2022 a lease liability of $43,117, which represents the present value of the remaining operating lease payments of $39,720 discounted using risk-free rate of 4.75%, and a right-of-use asset of $38,777, which represents the operating lease liability of $43,117 adjusted for accrued rent of $4,340 and unamortized initial direct costs of $0. The difference between the additional lease assets and lease liabilities, net of the deferred tax impact, was recorded as an adjustment to rent expense.

Note 4 – Revenue

Revenue recognition
The Organization charges clients for programs offered under its Leadership Management Institute on a fee-for-service basis. The Organization recognizes such revenues over time when the programs are delivered to participants. Amounts received in advance, such as deposits for future workshops and trainings, are recorded as deferred revenue until the Organization's performance obligations are satisfied.

Generally accepted accounting principles require that contributions, including unconditional promises to give, be recognized as revenues at their fair values in the period such contributions are made.

Conditional promises to give, whether received or made, are recognized when the conditions are substantially met.

The statement of financial position reports amounts for each of two classes of net assets (net assets without donor restrictions and net assets with donor restrictions), when applicable, as well as total net assets. The two net asset classes should be based solely on the existence or absence of donor-imposed restrictions.

a. Net assets without donor restrictions – Net Assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in carrying out the Organization's mission.
b. 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 passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions.

The Organization has elected to use simultaneous release option which permits net assets with donor restrictions that are recognized and used within the same reporting period to be reported as if they were unrestricted.

In-kind contributions
Generally accepted accounting principles require that contributions, including unconditional promises to give, be recognized as revenues at their fair values in the period such contributions are made.

The Organization receives donations of goods and services from some of its vendors, partners, and board members. These donations are recorded as contributions at fair market value at the time of the donation and totaled $104,665 and $344,805 for the years ended October 31, 2023 and 2022. Such amounts have been reported as in-kind contributions in the accompanying financial statements.

The Organization also receives donated services from a variety of unpaid volunteers and trainers who make significant contributions of their time in conjunction with programs and events. For the years ended October 31, 2023 and 2022, Organization recognized $101,502 and $23,598 respectively, for these services in the accompanying statement of activities because the criteria for recognition of such volunteer efforts as contributed services have been satisfied.

Note 4 – Revenue (continued)

Revenue from Contracts with Customers
The following table provides information about significant changes in deferred revenue for the year ended October 31:

	2023	2022
Deferred revenue, beginning of year:	$ 295,206	$ 594,015
Revenue recognized that was included in deferred revenue at the beginning of the year:	(134,990)	(341,710)
Increase in deferred revenue due to cash received during the year:	269,000	42,901
Deferred revenue, end of year	$ 429,216	$ 295,206

The balance in accounts receivable comprise of the following for the years ended October 31:

	2023	2022
Program revenues receivable	$ 368,550	$ 111,127
Contributions receivable	164,400	260,000
	$ 532,950	$ 371,127

Note 5 – Cash and Restricted Cash

The Organization has classified as restricted the following cash balances that are not available for use in its operations for the years ended October 31:

	2023	2022
Cash held at financial institutions	$ 1,198,724	$ 1,244,933
Certificates of deposit held as collateral (see Note 7)	179,630	205,231
Total cash and restricted cash on cash flow statement	$ 1,378,354	$ 1,450,164

Note 6 – Property and Equipment

The cost of the major classes of property and equipment, estimated useful lives used in computing depreciation and depreciation expense for the years ended October 31 are as follows:

	2023	2022	Lives
Computer equipment	$ 23,816	$ 26,177	3-10 years
Furniture and fixtures	10,350	24,973	5 years
Leasehold improvements	59,250	59,250	Life of lease
	93,416	110,400	
Accumulated depreciation	(89,322)	(98,330)	
Property and equipment, net	$ 4,094	$ 12,070	
Depreciation expense	$ 9,657	$ 9,756	

Note 7 – Notes Payable

Notes payable at October 31, 2023 and 2022 consists of the following:

- A revolving line of credit with no outstanding principal balance for the years ended October 31, 2022 and 2021. The line of credit has an interest rate based on the bank’s prime rate plus anywhere between 13.50% to 21.99% depending on the type of draw. The line of credit is collateralized by a certificate of deposit maintained by the Organization in the amount of $0 and $27,211 for the years ended October 31, 2023 and 2022.

Note 7 – Notes Payable (continued)

- A revolving line of credit with no outstanding principal balance for the years ended October 31, 2023 and 2022. The line of credit has an interest rate of 3.70% and matures in December 2024. The line of credit is collateralized by a certificate of deposit maintained by the Organization in the amount of $179,630 and $178,020 for the years ended October 31, 2023 and 2022. The Organization is able to draw up to $175,000 from this line of credit.

Note 8 – Employee Benefit Plan

The Organization maintains a 401(k) Plan ("the Plan") for the benefit of its employees which covers all employees meeting certain eligibility requirements. Employees may contribute to the Plan limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Organization matches the lesser of 4% of compensation for employees or the amount the employee contributes. All matching contributions vest immediately. Organization matching contributions to the plan totaled $30,376 and $20,625 for the years ended October 31, 2023 and 2022.

Note 9 – Commitments

The Organization is obligated under a lease agreement for its office facilities through October 2028. The Organization is also obligated under a non-cancelable operating lease for office equipment, which expires in September 2024.

The components of lease expense were as follows for the years ended October 31:

	2023	2022
Operating lease costs	$ 44,688	$ 39,360
Variable lease costs	-	-
Short-term lease costs	20,975	22,240
	$ 65,663	$ 61,600

Other information related to leases was as follows for the year ended October 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 44,060
ROU assets obtained in exchange for lease obligations:	
Operating leases	$ 250,583
Weighted average remaining lease term	4.99 years
Weighted average discount rate	4.75%

Future minimum rental payments for the Company required under the operating lease agreements for the years ended October 31 are as follows:

2024	$ 45,024
2025	46,375
2026	47,766
2027	49,199
2028	50,675
Total future minimum lease payments	$ 239,039
Less: imputed interest	(26,394)
Net lease liabilities	$ 212,645

See auditor's report.

Note 10 – Liquidity and Availability of Resources

Financial assets, at year end	$ 1,911,304
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restriction	(195,000)
Board designations:	
Amounts set aside as collateral for lines of credit (see Note 7)	(179,630)
Amounts set aside for liquidity reserve	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,436,674

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus certain financial assets may not be available for general expenditures within one year. 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. Occasionally, the board designates a portion of any operating surplus to its liquidity reserves, which was $100,000 as of October 31, 2023.

There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization also could draw upon its $175,000 available line of credit as further discussed in Note 7.

Note 11 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
LEAP Engage Program activities:	
Parts I, II, and III	$ 35,000
LEAP Impact Program activities:	
Parts I, II, and III	160,000
Total net assets with donor restrictions	$ 195,000

Releases from donor restricted net assets for the year ended October 31, 2023, are as follows:

Subject to expenditure for specified purpose:	
LEAP Engage Program activities:	
Parts I, II, and III	$ 99,562
LEAP Impact Program activities:	
Parts I, II, and III	160,000
LEAP Research	30,500
Total net assets released from restrictions	$ 290,062

Note 12 – Concentrations

For the years ended October 31, 2023 and 2022, revenues from fee-for-service programs accounted for roughly 32% and 33% of the Organization's total support and revenues, respectively.

For the year ended October 31, 2023, three companies accounted for approximately 21% of the Organization's total support and revenues for the year. For the year ended October 31, 2022, three companies accounted for approximately 17% of the Organization's total support and revenues for the year.

Note 13 – Employee Retention Credit

The CARES Act provides an employee retention credit ("CARES Employee Retention credit"), which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at $10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through September 30, 2021, for most employers. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to $10,000 of qualified wages per quarter. To qualify for the credit, entities must have either 1) experienced a specified decline in gross receipts or 2) been subject to a full or partial government-mandated shutdown. Large employers (defined as those with over 100 employees in 2020 and over 500 employees in 2021) may only take the credit on wages paid that are "not in exchange for services".

Qualification for the ERC involves significant judgment. Management believes the Company has met the requirements for ERC qualification for the periods from April 1, 2020 through June 30, 2020 and October 1, 2020 through December 31, 2020. The Company elects to apply FASB ASC 958-605 *Not-for-Profit Entities: Revenue Recognition* method. During the year ended October 31, 2023, the Company recorded $31,730 related to the CARES Employee Retention credit in grant income.

Note 14 – Restatement

Subsequent to the October 31, 2022 report issuance, it was discovered that certificates of deposit maturing in December 2024 were improperly categorized as current assets. Generally accepted accounting principles require certificates of deposit with original maturity dates of more than twelve months from the balance sheet date to be classified as noncurrent assets. Accordingly, the financial statements for the period ended October 31, 2022 have been restated to reclassify $205,231 of restricted cash from current assets to other assets. The restatement had no impact to the Organization's net assets for the year ended October 31, 2022.

Note 15 – Subsequent Events

The date to which events occurring after October 31, 2022, the date of the most recent statement of financial position, have been evaluated for possible adjustment to the financial statements or disclosure is January 31, 2024 which is the date on which the financial statements were available to be issued. The Organization's management has determined that no subsequent events exist.

Note 16 - Statement of Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on square-footage basis. All other expenses are allocated on the basis of estimates of time and effort.

Expenses incurred for years ended October 31, 2023 were as follows:

	Program Services					Supporting Services		
	Program 1- Leadership Management Institute	Program 2- Community Development Institute	Program 3- Public Policy Institute	Other Program Services	Total Program Services	Management & General	Fundraising	Total
Labor	247,314	239,813	19,238	301,617	807,982	238,914	67,148	1,114,044
Payroll-related expenses	50,670	38,644	4,342	59,007	152,663	51,946	12,042	216,651
Supplies	34,958	22,871	161	4,225	62,215	4,093	1,565	67,873
Outside services	9,421	4,874	145	3,815	18,255	7,900	-	26,155
Consultants	515,509	278,364	19,649	20,013	833,535	64,039	16,489	914,063
Office and occupancy	30,054	19,151	1,230	32,350	82,785	43,659	1,994	128,438
Travel and meetings	92,930	224,058	3,347	4,166	324,501	19,392	7,555	351,448
Awards dinner	-	-	-	-	-	-	139,287	139,287
Depreciation	2,538	1,699	110	2,896	7,243	2,414	-	9,657
Miscellaneous	18,416	7,851	352	9,259	35,878	7,555	1,674	45,107
Total functional expenses	1,001,810	837,325	48,574	437,348	2,325,057	439,912	247,754	3,012,723

Note 16 - Statement of Functional Expenses (continued)

Expenses incurred for years ended October 31, 2022 were as follows:

	Program Services					Supporting Services		
	Program 1-Leadership Management Institute	Program 2-Community Development Institute	Program 3-Public Policy Institute	Other Program Services	Total Program Services	Management & General	Fundraising	Total
Labor	186,392	142,123	6,915	263,692	599,122	160,484	88,777	848,383
Payroll-related expenses	43,945	22,158	1,525	55,482	123,110	37,205	16,801	177,116
Supplies	34,674	18,999	53	3,007	56,733	1,900	4,350	62,983
Outside services	9,131	4,400	102	5,780	19,413	16,019	-	35,432
Consultants	616,727	299,155	2,361	133,857	1,052,100	36,917	3,058	1,092,075
Office and occupancy	29,924	14,678	582	33,020	78,204	34,792	3,105	116,101
Travel and meetings	40,822	98,606	42	(235)	139,235	50,782	3,621	193,638
Awards dinner	-	-	-	-	-	-	112,677	112,677
Depreciation	2,711	1,399	56	3,149	7,315	2,441	-	9,756
Miscellaneous	8,188	389	12	707	9,296	1,675	198	11,169
Total functional expenses	972,514	601,907	11,648	498,459	2,084,528	342,215	232,587	2,659,330