MindLeaps

Financial Statements

December 31, 2022
(with Summarized Comparative Totals for 2021)

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MindLeaps
Table of Contents
December 31, 2022 and 2021

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Independent Auditor's Report

To the Board of Trustees of
MindLeaps
New York, NY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MindLeaps (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MindLeaps as of December 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 (GAAS). 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 MindLeaps 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 MindLeaps' ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MindLeaps'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 MindLeaps'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

To the Board of Trustees of
MindLeaps

Report on Summarized Comparative Information

We have previously audited MindLeaps's December 31, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023 on our consideration of the MindLeap's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MindLeaps's internal control over financial reporting and compliance.

Nisivoccia LLP

Mt. Arlington, New Jersey
October 23, 2023

MindLeaps
Statement of Financial Position
December 31, 2022 and 2021

ASSETS	2022	2021
Current Assets:		
Cash	$ 528,125	$ 413,079
Grant receivable	4,200	19,908
Due from affiliate	39,598	16,355
Prepaid expenses		3,726
Other assets	1,980	19,496
Total current assets	573,903	472,564
Property and equipment, net	176	2,173
Total assets	$ 574,079	$ 474,737

LIABILITIES AND NET ASSETS	2022	2021
Current Liabilities:		
Accounts payable and accrued expenses	$ 30,747	$ 14,436
Deferred revenue	19,584	30,909
Total liabilities	50,331	45,345
Net assets:		
Without donor restrictions		
Undesignated assets (deficit)	304,897	(20,366)
With donor restrictions	218,851	449,758
Total net assets	523,748	429,392
Total liabilities and net assets	$ 574,079	$ 474,737

MindLeaps
Statement of Activities
Year Ended December 31, 2022 (with summarized comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
Revenue and support:				
Contributions	$ 709,613	$ 218,851	$ 928,464	$ 1,009,033
Government grants	160,568		160,568	83,658
Program income	11,815		11,815	11,745
In-kind donations	359		359	500
Government grant - PPP funding				18,800
Net assets released from restrictions due to satisfaction of restrictions	449,758	(449,758)		
Total revenue and support	1,332,113	(230,907)	1,101,206	1,123,736
Expenses:				
Program services	867,925		867,925	635,975
Supporting services:				
Management, general and administrative	82,689		82,689	89,938
Fundraising	55,142		55,142	66,062
Total supporting services	137,831		137,831	156,000
Total expenses	1,005,756		1,005,756	791,975
Change in net assets from operations	326,357	(230,907)	95,450	331,761
Other income (expense):				
Interest Income	19		19	14
Employee retention credit				26,391
Loss on sale of property and equipment	(1,113)		(1,113)	
Total other income (expense)	(1,094)		(1,094)	26,405
Change in net assets	325,263	(230,907)	94,356	358,166
Net assets (deficit), beginning of year	(20,366)	449,758	429,392	71,226
Net assets, end of year	$ 304,897	$ 218,851	$ 523,748	$ 429,392

MindLeaps
Statement of Functional Expenses
Year Ended December 31, 2022 (with summarized comparative totals for 2021)

		Supporting Services			Total	
	Program Services	Management, General and Administrative	Fundraising	Total Supporting Services	2022	2021
US salaries	$ 97,230	$ 17,665	$ 38,911	$ 56,576	$ 153,806	$ 114,260
US payroll taxes	12,786	3,810	8,418	12,228	25,014	17,717
Total personnel services	110,016	21,475	47,329	68,804	178,820	131,977
Local field office salaries	191,479				191,479	219,633
Payroll taxes for local field office personnel	54,730				54,730	33,123
Marketing and advertising	17,245	1,177	1,873	3,050	20,295	2,618
Professional fees	1,507	36,101	500	36,601	38,108	52,438
Insurance & bank fees	4,483	1,800		1,800	6,283	6,290
US staff travel	12,578	259	96	355	12,933	9,956
Local field office staff travel	33,868				33,868	30,945
School fees & academic programs	94,710				94,710	77,942
Meal & health programs	23,396				23,396	27,561
Family support program	6,657				6,657	4,948
Virtual Academy	13,426				13,426	10,617
Research & curriculum development	11,583				11,583	3,166
Dance clothing & equipment	17,675				17,675	20,539
Office & field supplies	24,583	1,614		1,614	26,197	61,430
Technology & computer equipment	6,643	2,191	5,344	7,535	14,178	13,377
US & local lease expense	22,535	18,072		18,072	40,607	83,751
Capital expansion for local field office	220,194				220,194	
Repairs & maintenance	546				546	844
Total expenses before depreciation	867,854	82,689	55,142	137,831	1,005,685	791,155
Depreciation	71				71	820
Total expenses	$ 867,925	$ 82,689	$ 55,142	$ 137,831	$ 1,005,756	$ 791,975

MindLeaps
Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 94,356	$ 358,166
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation	71	820
Loss on sale of property and equipment	1,113	
Donated supplies	359	500
Government Grant - PPP funding		(18,800)
Changes in operating assets and liabilities:		
Grant receivable	15,708	(17,318)
Due from affiliate	(23,243)	(16,355)
Prepaid expenses	4,539	(2,926)
Other assets	17,157	2,545
Accounts payable and accrued expenses	16,311	(11,439)
Deferred revenue	(11,325)	9,547
Government Grant - PPP funding		18,800
Net cash provided by operating activities	115,046	323,540
Net increase in cash	115,046	323,540
Cash, beginning of year	413,079	89,539
Cash, end of year	$ 528,125	$ 413,079
Supplemental disclosure of noncash activities:		
Donated supplies	$ 359	$ 500

1. Nature of Activities

MindLeaps (formerly known as the Rebecca Davis Dance Company) (the "Organization") is a 501(c)(3) not-for-profit organization working to improve school performance and create positive livelihoods for at-risk youth. MindLeaps runs a unique program, based on a standardized dance methodology, that helps vulnerable youth undergo behavioral transformation, catch up on basic cognitive development and learn work-ready skills. MindLeaps operates permanent centers in Kigali, Rwanda and Conakry, Guinea, providing dance classes, academic acceleration and IT courses, daily meals, and a health program. After one year at our centers, students are sponsored in formal education at schools in their home countries. Through our partnership program located in Mauritania and the USA, MindLeaps provides dance classes, monitoring and evaluation of student progress, and training of local staff in MindLeaps dance curricula and pedagogy. MindLeaps also works alongside the United Nations High Commissioner for Refugees (UNHCR) in Rwanda and Uganda with operations in 5 refugee camps and settlements. These programs are run by local staff and refugee youth trained in the MindLeaps methodology. In North Macedonia, MindLeaps runs social-emotional learning and educational programming for older youth susceptible to radicalization. In this period, MindLeaps served approximately 2,565 youth and family members across its global programs.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies are described below:

Basis of Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards ("ASC"), Accounting for Contributions Received and Made, and FASB ASC, *Presentation of Financial Statements of Not-for-profit Entities* (FASB Update) 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: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction 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. In addition, the standard requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. *Accounting for Contributions Received and Made* 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, the net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are resources representing the portion of expendable funds available for support of the Organization's programs and general operations. These resources are not subject to donor-imposed stipulations. Net assets without donor restrictions are comprised of revenue and expenses related to the operations of Organization, which have no restrictions on the uses of the funds. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. 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 and reported in the statement of activities as net assets released from restrictions. The Organization had net assets with donor restrictions of $218,851 and $449,758 at December 31, 2022 and 2021, respectively. See note 7 for detail about net assets with donor restrictions.

Revenue and Contribution Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control at a specific point in time. The Organization recognizes program service income at the time the service is performed. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Receivables and Allowances for Uncollectible Amounts

Grant and other receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. There was no allowance for uncollectible accounts as of December 31, 2022 and 2021, as management deemed all receivables to be collectible as of the date of the financial statements.

Disaggregation of Revenue

In the following table, revenue is disaggregated by timing of satisfaction of performance obligations for the year ended December 31, 2022 and 2021:

	2022	2021
Performance obligations satisfied at a point in time	$ 11,815	$ 11,745

Revenue from performance obligations recognized at a point in time consist of program income.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on estimates made by management. Support costs are allocated to a program based on total program costs. Program service expenses are those related to dance, skill building, and educational programs. Management, general and administrative expenses relate to administrative expenses associated with those programs. Fundraising relates to development activities carried on by the Organization. The allocation of employees' salaries and other costs are based on estimates of time and effort considered by management to be reasonable.

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements may report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is also exempt under Pennsylvania Nonprofit Corporation Law of 1972. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the year ended December 31, 2022.

However, the Organization is subject to regular audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

As required by law, the Organization files informational returns with the Federal government and various states on an annual basis. These returns are subject to examination by these authorities within certain statutorily defined periods for Federal and various states.

Property and Equipment

Purchased property and equipment additions exceeding $1,000 are capitalized and recorded at their original cost. Donations of property, plant and equipment are recorded as support at their estimated fair value on the date of the gift. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Major repairs, improvements and replacements are capitalized. Maintenance and minor repairs and replacements, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if restricted, to deferred amounts restricted for fixed asset acquisition. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets.

In accordance with FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization periodically evaluates property for impairment, relying on a number of factors including operating results, and future business plans. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to estimated future recoverability of the carrying amount of the asset or asset group. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. There were no impairment losses charged to operations for the year ended December 31, 2022 and 2021.

Intangible Assets

In accordance with FASB ASC, *Intangibles - Goodwill and Other - Internal-Use Software*, internal and external costs incurred during the application development stage to develop computer software solely to meet the Organization's internal needs are capitalized. Costs incurred during the preliminary project stage and post-implementation/operation stage are expensed as incurred. Capitalized software costs are amortized on a straight-line basis over the estimated useful life of the software.

Donated Services

The Board of Trustees makes significant contributions of time relative to general management and operations of the Organization. These donated services are not reflected in the financial statements for the years ended December 31, 2022 and 2021 since they do not meet the criteria for recognition as contributed services in accordance with U.S. generally accepted accounting principles.

Investments Held by the Community Foundation of Texas

The Organization holds a non-donor advised designated fund with the Community Foundation of Texas ("CFT"). CFT has variance power over the funds, therefore the Organization does not recognize a potential interest in future distributions from CFT. Instead, the Organization accounts for amounts received from the CTF as contributions on the statement of activities.

During the years ended December 31, 2022 and 2021 there were no donor contributions to the Community Foundation of Texas in support of MindLeaps. During the years ended December 31, 2022 and 2021 there were $0 and $19,750 of distributions received from CFT, respectively.

In-Kind Contributions

The Organization follows the provisions of FASB ASU 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which requires nonprofits to present contributed nonfinancial assets as a separate line in the statement of activities from contributions of cash or other financial assets.

The Organization records noncash contributions in accordance with FASB ASC, *Accounting for Contributions Received and Contributions Made*. Noncash contributions are principally related to the donation of certain identifiable professional services rendered in connection with programs and are recorded in the statement of activities as donated services.

Additionally, from time to time there are donations of materials which are recorded as contributions at their estimated fair value at the date the donations were made. The donations are recorded as either donations without donor restrictions or donations with donor restrictions depending on the donor's intentions. The assets that are donated with specific restrictions are recorded as assets with donor restrictions. Upon satisfaction of the donor restrictions, the Organization reclassifies the net assets with donor restrictions to net assets without donor restrictions.

Leases

In February 2016, FASB issued guidance ASC 842, *Leases* to increase transparency and comparability among companies by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. 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 Organization adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases* (Topic 842): Targeted Improvements. The Organization did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. The Organization recognized and measured leases existing at, or entered into after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, which was not applicable to the Organization, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing 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 Organization has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

The standard did not have a material impact on the Organization’s statement of financial position, statement of activities, nor statement of cash flows.

Advertising

The Organization expenses the cost of advertising at the time it is paid. Advertising expense amounted to $0 and $2,618 for the years ended December 31, 2022 and 2021, respectively.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2022, through the date of the independent auditor’s report and the date the financial statements were available to be issued, October 23, 2023. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

3. Liquidity and Availability

The adoption of FASB Update No. 2016-14 requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Financial Assets:	2022	2021
Cash and cash equivalents	$ 528,125	$ 413,079
Contributions receivable	4,200	19,908
Due from affiliate	39,598	16,355
Total financial assets	571,923	449,342
Less amounts not available to be used within one year:		
Donor imposted restrictions:		
Funds subject to purpose restriction	(218,851)	(449,758)
Financial assets available to meet general expenditures within one year	$ 353,072	$ (416)

A significant portion of the Organization's annual expenditures will be funded by current year operating revenues including government grants, and contributions. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Property and Equipment

Property and equipment and their related estimated useful lives as of December 31, 2022 are comprised of the following:

	Estimated Useful Life (Years)	2022	2021
Leasehold improvements	7	$ 7,035	$ 7,035
Vehicles	5	635	3,676
Equipment	5	16,633	16,633
		24,303	27,344
Less: accumulated depreciation		(24,127)	(25,171)
		$ 176	$ 2,173

Depreciation expense for the years ended December 31, 2022 and 2021 totaled $71 and $820 , respectively.

5. Intangibles

The Organization incurred costs to develop an application designed to track the impact of the Organization's field programs. Intangible assets and their related estimated useful lives as of December 31, 2022 and 2021 are comprised of the following:

	Estimated Useful Life (Years)	2022	2021
Intangibles (tracker program)	3	$ 31,000	31,000
Less: accumulated amortization		(31,000)	(31,000)
		$ -	$ -

There was no amortization expense for the years ended December 31, 2022 and 2021.

6. Leases

In May 2021, the Organization entered into an 12-month lease agreement for office space in New York. This lease was up for renegotiation after the one year period, and was not renewed. Rent expense incurred related to this operating lease was $1,400 per month.

In September 2022, the Organization entered into an 12-month lease agreement for shared office space in New York. Rent expense incurred related to this operating lease was $1,368 per month. Total rent expense for all operating leases for the year ended December 31, 2022 amounted to $18,068.

Future minimum rental payments due under the leases are as follows:

2023	$ 10,944
	$ 10,944

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 are restricted for the following purposes:

2022	Beginning Net Assets with Donor Restrictions	Additions	Net Assets Released from Restriction	Ending Net Assets with Donor Restrictions
Kampala virtual academy	$ 48,585		$ (48,585)	
Kampala family strengthening		$ 50,000		$ 50,000
Rwanda program		150,000		150,000
Uganda Family Strengthening		18,851		18,851
Rwanda learning center	24,977		(24,977)	
Guinea building	376,196		(376,196)	
Total	$ 449,758	$ 218,851	$ (449,758)	$ 218,851

2021	Beginning Net Assets with Donor Restrictions	Additions	Net Assets Released from Restriction	Ending Net Assets with Donor Restrictions
Kampala virtual academy	$ 15,000	$ 48,585	$ (15,000)	$ 48,585
Masoro program	46,603		(46,603)	
Rwamanja refugee camp	26,700		(26,700)	
Rwanda center renovation	5,000		(5,000)	
Rwanda learning center		24,977		24,977
Guinea building		376,196		376,196
Total	$ 93,303	$ 449,758	$ (93,303)	$ 449,758

8. In-Kind Contributions

The Organization receives various types of non-cash contributions such as dance wear designated to assist the purpose and mission of the Organization. The estimated fair value of the donated products and services received during the year ended December 31, 2022 and 2021 amounted to $359 and $500, respectively and are recorded as in-kind donations on the statement of activities. The Organization received dancewear donations in prior years which totaled $0 and $17,716 as of December 31, 2022 and 2021, respectively and is grouped with other assets on the statement of financial position. The Organization expenses the dancewear as it is utilized in the Organization’s programs.

9. Grant Programs

The Organization participates in federal assisted grant programs. These programs are subject to compliance audits by the grantors and their representatives. The Organization is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the Organization is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

10. Deferred Grant Revenue

The Organization receives funds from the US Department of State. During the years ended December 31, 2022 and 2021, the Organization received funding advances on several awards. This resulted in unspent grant funds at the end of the period. Management expects to spend the funds in the next year. As of December 31, 2022 and 2021 the unspent portion of the grant funds amounted to $19,584 and $30,909, respectively and has been recorded as a deferred revenue on the statement of financial position.

11. Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk related to cash and cash equivalents.

12. Refundable Advance – Paycheck Protection Program

In February 2021, the Organization received $18,800 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Organization must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. The Organization had accounted for the PPP funding as a conditional contribution in the December 31, 2021 fiscal year end financial statements by applying FASB ASC Topic 958- 605, *Revenue Recognition*. Revenue will be recognized only when the conditions are met. PPP funding is subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. In October 2021, the Organization received full forgiveness of the PPP funding resulting in revenue being recognized in the amount of $18,800 which is classified as Government grant – PPP funding on the statement of activities in the accompanying financial statements.

13. Due from Affiliate

Due from affiliate represents grant funds disbursed to MindLeaps' foreign affiliates which are due back to the Organization if the funds are not utilized. As of December 31, 2022 and 2021, the due to affiliate amounted to $39,598 and $16,355, respectively.

14. Employee Retention Credit

The Organization applied for refundable tax credits through the Employee Retention Credit under the CARES Act for payroll tax expenses incurred during the period July 2020 through March 2021, totaling $26,391. The amounts are included as income on the statement of activities. The employee retention credit is subject to examination by the Internal Revenue Service for five years from the date of filing.

SUPPLEMENTARY INFORMATION

MindLeaps
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing Number	Pass-Through Entity ID#	Grantor's Number	Grant Period	Grant Awards	Cumulative Program Disbursements	Current Year Program Disbursements	Current Year Cash Received	Current Year Provided to Subrecipients
US Department of State									
Passed through the Office of the Secretary for Public Diplomacy and Public Affairs									
Peace is Not Fake News	19.900	N/A	SMK80021GR3054	10/1/21-7/31/22	$ 19,666	$ 19,666	$ 16,463	$ 16,463	
Creative Expression and Human Rights	19.225	N/A	SMR60021GR3040	10/28/21-10/27/22	199,082	90,562	70,654	99,541	
Celebrating Culture	19.040	N/A	SGV10022GR0012	10/01/22-10/30/23	21,000	21,000	21,000	16,800	
Dance Learning Healing	19.040	N/A	SGV10021GR3006	10/1/21-10/31/22	19,612	19,612	18,510	3,923	
Ubumuntu Festival	19.040	N/A	SRW60022CA0009	7/1/22-8/31/22	27,071	27,071	27,071	27,071	
					286,431	177,911	153,698	163,798	
Passed through the Bureau of Population, Refugees, and Migration									
Overseas Refugee Assistance Programs for Africa									
Julia Taft	19.517	n/a	SGV10022GR0008	8/1/22-7/31/23	24,965	6,870	6,870	17,475	
					24,965	6,870	6,870	17,475	
Total Federal Awards					$ 311,396	$ 184,781	$ 160,568	$ 181,273	

See Notes to the Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of MindLeaps. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)*, Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other government agencies is included in the schedule of expenditures of federal awards.

2. Summary of Significant Accounting Principles

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting which is described in Note 2 to the financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance except for the grant under assistance listing number 19.225.

4. Sub-recipients

No federal awards were provided to sub-recipients.

5. Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts in the accompanying schedules of expenditures of federal awards, which is prepared on the accrual basis of accounting explained in Note 2.

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of
MindLeaps
New York, NY

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of MindLeaps, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MindLeaps's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MindLeaps's internal control. Accordingly, we do not express an opinion on the effectiveness of MindLeaps's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

To the Board of Trustees of
MindLeaps

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the MindLeaps's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nisivoccia LLP

Mt. Arlington, New Jersey
October 23, 2023

Summary of Auditors' Results:

- An unmodified report was issued on MindLeaps's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of MindLeaps.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of MindLeaps.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Responses for Federal Awards:

- The audit did not disclose any findings and responses for federal award programs.

Summary of Prior Year Findings:

There were no audit findings in the prior year.