MINDLEAPS

FINANCIAL STATEMENTS

AUGUST 31, 2017

MINDLEAPS
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AUGUST 31, 2017

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Independent Auditors' Report

To the Board of Trustees of
MindLeaps
New York, NY 10018

Report on the Financial Statements

We have audited the accompanying financial statements of MindLeaps (the "Organization"), which comprise the statement of financial position as of August 31, 2017, and the related statements 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.

Auditor's 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 MindLeaps as of August 31, 2017, 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.

Nisivoccia LLP

Mt. Arlington, New Jersey
April 16, 2018

MINDLEAPS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2017

ASSETS

Assets:		
Cash and cash equivalents	$	31,197
Prepaid expenses		1,691
Other assets		33,480
Total current assets		66,368
Property and equipment, net		9,287
Intangible asset, net		20,667
Total assets	$	96,322

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	$	25,628
Total liabilities		25,628
Net assets:		
Unrestricted		64,794
Temporarily restricted		5,900
Total net assets		70,694
Total liabilities and net assets	$	96,322

MINDLEAPS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and support:			
Contributions	$ 267,028	$ 5,900	$ 272,928
Program income	13,350		13,350
In-kind donations	60,631		60,631
Investment income	844		844
Total revenue and support	341,853	5,900	347,753
Expenses:			
Program services:	261,771		261,771
Total program services	261,771		261,771
Supporting services:			
Management and general	62,967		62,967
Fundraising	32,566		32,566
Total supporting services	95,533		95,533
Total expenses	357,304		357,304
Change in net assets	(15,451)	5,900	(9,551)
Net assets, beginning of year	80,245		80,245
Net assets, end of year	$ 64,794	$ 5,900	$ 70,694

MINDLEAPS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2017

	Total Program Services	Supporting Services: Management and general	Supporting Services: Fundraising	Supporting Services: Total Support Services	Total
Head office staff expense	$ 21,300	$ 32,275	$ 14,700	$ 46,975	$ 68,275
Program staff expense	73,898				73,898
Payroll taxes	18,558				18,558
Special events, marketing and advertising	2,025		13,983	13,983	16,008
Professional fees	926	12,600		12,600	13,526
Insurance & bank fees	1,321	1,718		1,718	3,039
Travel	19,272		502	502	19,774
School fees & academic programs	35,058				35,058
Meal & health programs	10,209				10,209
Family support program	1,708				1,708
Other miscellaneous support programs	5,925				5,925
Research & curriculum development	2,383				2,383
Partnership programs	17,100				17,100
Donated IT & supplies	21,395				21,395
Office & supplies expense	1,158	558	30	588	1,746
IT & utilities	947		3,351	3,351	4,298
Lease expense	11,665	15,816		15,816	27,481
Repairs and maintenance	3,573				3,573
Total expenses before depreciation	248,421	62,967	32,566	95,533	343,954
Depreciation and amortization	13,350				13,350
Total expenses	$ 261,771	$ 62,967	$ 32,566	$ 95,533	$ 357,304

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

MINDLEAPS
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2017

Cash flows from operating activities:		
Change in net assets	$	(9,551)
Adjustments to reconcile change in net assets to net cash provided by operations:		
Depreciation & amortization		13,350
Donated investment securites		(14,873)
Net realized gain on investments		(808)
Changes in operating assets and liabilities:		
Prepaid expenses		(1,691)
Other assets		(29,883)
Accounts payable and accrued expenses		10,443
Net cash used in operating activities		(33,013)
Cash flows from investing activities:		
Purchase of property and equipment		(26,500)
Sale of investment securities		15,681
Net cash used in investing activities		(10,819)
Net decrease in cash and cash equivalents		(43,832)
Cash and cash equivalents, beginning of year		75,029
Cash and cash equivalents, end of year	$	31,197
Supplemental disclusure of cash flow information:		
Cash paid during the year for:		
Interest	$	87
Supplemental disclosure of noncash activities:		
Donated investment securities	$	14,873

MINDLEAPS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017

Note 1 - Nature of Operations

MindLeaps (formerly known as the Rebecca Davis Dance Company) (the "Organization") is a 501(c)(3) not-for-profit organization formed for the purpose of providing programs to advance the lives of underserved children in post-conflict and developing countries. Each of the Organization's programs combines dance classes that improve social-emotional learning with educational workshops. The Organization currently has field offices in Rwanda and Guinea and partnership programs in Mauritania, Uganda and Kenya.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies followed by the Organization in the preparation of the accompanying financial statements is set forth below:

Accounting Method

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United State of America.

Basis of Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Accounting for Contributions Received and Made,* and *Financial Statements of Not-for-Profit Organizations. Financial Statements of Not-for-Profit Organizations* 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. *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.

Unrestricted net assets 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.

Temporarily restricted net assets are 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 temporarily restricted net assets of $5,900 as of August 31, 2017.

MINDLEAPS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Permanently restricted net assets are net assets subject to donor-imposed stipulations to 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 as of August 31, 2017.

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 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 expenses are those related to dance, skill building, and educational programs. Management and general relate to administrative expenses related to those programs. Fundraising relates to special events and development activities carried on by the Organization. The allocation of employees' salaries and other costs are based on methods considered by management to be reasonable.

Income Taxes

The Organization is a not-for-profit organization that is exempt from 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.

As required by law, the Organization files informational returns with both the United States federal and State of Pennsylvania jurisdictions on an annual basis- Form 990 with the Internal Revenue Service, and Form BCO-10 with the State. These returns are subject to examination by these authorities within certain statutorily defined periods from the latest filing date for Federal and Pennsylvania.

Revenue and Contribution Recognition

Contributions are recognized as revenue and receivables when they are received or unconditionally pledged. Unconditional promises to give due in the next year 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 risk-free interest rates applicable to the years in which the promises are to be received.

MINDLEAPS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Revenue and Contribution Recognition (Cont'd)

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. However, if the donor restriction is satisfied during the accounting period in which the gift was received, the gifts are reported as unrestricted contributions in the statement of activities.

The Organization accounts for contract and grant revenue, which are exchange transactions, in the statement of activities to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each individual program are used as guidance. All amounts not expended in accordance with the grant or contract are recorded as a liability to the grantor as the Organization does not maintain any equity in the grant or contract.

Accounts and Contributions Receivable and Allowances for Uncollectible Accounts

Accounts and contributions receivable 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 for the year ended August 31, 2017, as management deemed all receivables to be collectible as of the date of the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less when acquired.

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 unrestricted support 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 temporarily restricted net assets to unrestricted net assets at that time.

MINDLEAPS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017
(Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Property and Equipment (Cont'd)

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 unrestricted, are transferred to unrestricted net assets, 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.

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 year ended August 31, 2017 since they do not meet the criteria for recognition as contributed services in accordance with U.S. generally accepted accounting principles.

Fair Value of Financial Instruments

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The measurement of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income.

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Fair Value of Financial Instruments (Cont'd)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the Organization capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For some assets and liabilities, observable market transactions or market information may be available.

For other assets and liabilities, observable market transactions and market information might not be available. When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at August 31, 2017.

Cash and cash equivalents, prepaid expenses, other assets, accounts payable and accrued expenses: The carrying amount approximates fair value because of the short term maturity of these instruments.

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NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017 AND 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Cont'd)

Investments

The Organization records investments in accordance with FASB ASC, *Accounting for Certain Investments Held by Not-for-Profit Organizations.* Under this standard, securities purchased for investment are carried at market value; those received as gifts are recorded at market value at date of gift and all investments in debt securities are reported at their fair market values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investment income or loss (including interest and dividends) and gains/losses on sale of investments are included in the statement of activities unless the income or loss is restricted by the donor or law. A decline in the market value of an investment security below its cost that is designated to be other than temporary is recognized through an impairment charge. That impairment charge would be included in the statement of activities and a new cost basis would be established. For the year ended August 31, 2017, the Organization did not record any impairment charge in the statement of activities.

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 statements of activities. During the year ended August 31, 2017 donors contributed $35,904 to the Community Foundation of Texas in support of MindLeaps. The Organization received distributions from CFT of $34,275 during the year ended August 31, 2017.

Advertising

The Organization expenses the cost of advertising at the time it is paid. Advertising expense amounted to $15,024 for the year ended August 31, 2017.

New Pronouncements

In August 2016, the FASB issued ASU 2016-14, *"Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities"* to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in ASU 2016-14 are effective for nonprofit entities for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. The amendments in this update should be applied retrospectively. The Organization is currently evaluating the impact of this standard.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after August 31, 2017 through the date of the independent auditors' report and the date the financial statements were available to be issued on April 16, 2018. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles. Management has determined that there are no nonrecognized subsequent events that require additional disclosure.

MINDLEAPS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017
(Continued)

Note 3 – Concentration 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.

Note 4 – Investments

Investments are stated at fair value, based on quoted market prices. It is the Organization's policy to liquidate donated securities immediately upon receipt. Investment activity at August 31, 2017 consisted of the following:

	2017
Beginning balance	$ -
Interest income	3
Donated securities	14,873
Sales	(15,681)
Realized gains	841
Fees	(33)
Ending balance	$ 3

As of August 31, 2017, the Organization sold their investments and held a cash balance of $3 within the account. The balance has been included with cash and cash equivalents on the statement of financial position.

Note 5 – Property and Equipment

Property and equipment and their related estimated useful lives at August 31, 2017 are comprised of the following:

	Estimated Useful Life (Years)	2017
Leasehold improvements	7	$ 7,035
Equipment	5	16,633
		23,668
Less: accumulated depreciation		(14,381)
		$ 9,287

Depreciation expense for the year ended August 31, 2017 totaled $3,017.

MINDLEAPS
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2017
(Continued)

Note 6 – Intangibles

The Organization incurred costs to develop an application designed to track the impact of the Organization's field programs. Intangible assets are being amortized over three years.

	Estimated Useful Life (Years)	2017
Intangibles (tracker program)	3	$ 31,000
Less: accumulated amortization		(10,333)
		$ 20,667

Amortization expenses amounted to $10,333 for the year ended August 31, 2017.

Note 7 – Operating Lease

The Organization leases a building in Rwanda that is used as a teaching space under a non-cancelable operating lease expiring February 28, 2019. This lease shall automatically renew on a perpetual basis unless either party terminates in writing. Rent expense incurred related to this operating lease was $750 per month for the year ended August 31, 2017. In 2016 the Organization entered into a lease agreement for office space in New York under a month to month agreement. Rent expense incurred related to the New York office space operating lease was $1,318 per month for the year ended August 31, 2017. In June 2017, the Organization entered into an 18-month lease agreement for a facility in Guinea.

This lease shall automatically renew for an additional 12 months unless either party terminates in writing. Rent expense incurred related to this operating lease was $444 per month for the year ended August 31, 2017. Total rent expense for all operating leases for the year ended August 31, 2017 amounted to $27,481.

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

Year Ending August 31,	
2018	$ 9,780
2019	1,760
	$ 11,540

Note 8 – Restrictions on Net Assets

Temporarily restricted net assets at August 31, 2017 are restricted for the following purposes:

	2017
School fees	$ 3,600
Rugerero program	1,027
Rwanda fundraising	1,273
	$ 5,900