LEADERSHIP INITIATIVES

FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors for Leadership Initiatives

We have audited the accompanying financial statements of Leadership Initiatives (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023, and the related statements of activities 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 statement 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 and the standards applicable to financial audits contained in government auditing Standards, issued by the Comptroller General of the United States. 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.

507 S. Danville Rd., Ste B, Willis, TX 77378

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 the Leadership Initiatives as of December 31, 2023, 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.

Micah Whiting 02 / 19 / 2024

Micah Whiting, CPA
Go Tax Services, LLC
EIN #92-1891014

507 S. Danville Rd., Ste B, Willis, TX 77378

Leadership Initiatives

December 31, 2023

Statement of Financial Position

	2023
Assets	
Current Assets	
Cash and Cash Equivalents	565,923
Accounts Receivable	901,148
Total Assets	**1,467,071**
Liabilities and Stockholder Equity	
Current Liabilities	
Accounts Payable	-
Deferred Revenue	1,392,000
Other Liabilities	3,249
Total Liabilities	**1,395,249**
Net Assets	
With Donor Restrictions	-
Without Donor Restrictions	71,822
Total Net Assets	**71,822**
Total Liabilities and Stockholder Equity	**1,467,071**

See Notes to Financial Statements

Leadership Initiatives
Year Ended December 31, 2023
Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Revenue			
Tuition	2,415,525	-	2,415,525
Donations	239,260	-	239,260
Other	4,809	-	4,809
Total Revenue	**2,659,594**	**-**	**2,659,594**
Net Assets Released From Restrictions:			
Satisfacion of Program Restrictions	-	-	-
Total Revenue and Other Support	**2,659,594**	**-**	**2,659,594**
Expense			
Expense			
Program Services	2,436,449	-	2,436,449
Management and General	224,698	-	224,698
Fundraising	26,861	-	26,861
Total Expense	**2,688,008**	**-**	**2,688,008**
Change in Net Assets From Operations	**(28,414)**	**-**	**(28,414)**
Nonoperating activities	-	-	-
Change in Net Assets	(28,414)	-	(28,414)
Net Assets, beginning of year	100,236	-	100,236
Net Assets, end of year	71,822	-	71,822

See Notes to Financial Statements

Leadership Initiatives

Year Ended 12/31/2023

Statement of Functional Expenses

	2023			
	Program Service Expenses	**Management and General Expenses**	**Fundraising Expenses**	**Total Expenses**
Compensation	-	103,679	-	103,679
Employee Benefits	-	101,390	-	101,390
Payroll Taxes	27,616	-	-	27,616
Legal	2,497	-	-	2,497
Advertising	75,494	-	-	75,494
Office Expenses	152,771	-	-	152,771
Information Technology	110,297	-	-	110,297
Travel	149,778	-	-	149,778
Occupancy	64,868	-	-	64,868
Insurance	19,848	-	-	19,848
Temp Staff/Consultants	336,607	-	-	336,607
Fundraising Costs	-	-	26,861	26,861
Community Development Programs	263,019	-	-	263,019
Summer Program Expenses	1,155,138	-	-	1,155,138
Other Expenses	78,516	19,629	-	98,145
Total expenses	**2,436,449**	**224,698**	**26,861**	**2,688,008**

See Notes to Financial Statements

Leadership Initiatives

Year Ended 12/31/2023

Statement of Cash Flows

	2023
Cash Flows from Operating Activities	
Increase (decrease) in net assets	**(28,414)**
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable	**(374,801)**
Increase (decrease) in:	
Accounts payable	**(5,595)**
Deferred Revenue	**680,849**
Other Liabilities	**(5,255)**
Net cash provided by operating activities	**266,783**
Cash Flows from Investing Activities	
	-
Net cash (used in) investing activities	**-**
Cash Flows from Financing Activities	
Decrease in Notes Payable	**-**
Net cash (used in) financing activities	**-**
Net (decrease) in cash and cash equivalents	**266,783**
Cash and Cash equivalents	
Beginning	**299,140**
Ending	**565,923**

See Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Organization and Principal Activity

Leadership Initiatives (the Organization) is focused on creating future leaders by transforming their ideas for social and economic change into community-based businesses, law advocacy campaigns, and public health interventions that address inequities across the globe. The Organization was formed in the year 2004 in Washington DC. The Organization accomplishes its purpose with outstanding high school students to gain real-world experience, explore future careers, and develop critical skills to create the next generation of leaders worldwide. They offer in-person & online internships that impact the lives of students and the individuals they are partnered with. Students are able to hold online internships and gain assistance with college readiness.

1-B. Basis of Accounting

The Financial Accounting Standards Board ("FASB") is the designated entity for establishing standards of financial accounting that govern the preparation of financial reports by nongovernmental entities, including nonprofit organizations, in the United States of America.

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted for nonprofit organizations in the United States of America. Under the accrual method, revenues are recorded in the period earned and when the amount and timing of the revenue can be reasonably determined. Expenses and asset additions are recognized at the time a liability arises which is normally at the time a service is received or title to an asset passes to the Organization. Accordingly, the Organization's financial statements reflect all significant receivables, payables, and other liabilities.

1-C. Financial Statement Presentation

Financial Statement Presentation - These financial statements have been prepared in accordance with the standard ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. See Recent Accounting Guidance included hereafter.

1-D. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor- imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These assets may be used at the discretion of The Company's management and the Board of Directors (the Board).

Net Assets With Donor Restrictions - Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Company reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. At December 31, 2023, there were no net assets with donor restrictions.

1-E. Revenue and Revenue Recognition

All revenues are recorded in accordance with ASC 606, Revenue from Contracts with Customers, which is recognized when: (i) a contract with a customer has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, and (v) the Organization has satisfied the applicable performance obligation over time or at a point in time.

1-F. Income Taxes

The Company has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The Company is annually required to file a return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, The Company is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes.

The Company believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Company would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

1-G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from estimates and differences could be material.

1-H. Financial Instruments and Credit Risk

The Company manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, The Company has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of The Company's mission.

1-I. Cash and Cash Equivalents

The Company considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents. Restricted cash is cash set aside for notes and bonds payable reserve requirements and unexpended bond monies designated for construction.

1-J. Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for educational programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as The Company deems all amounts to be fully collectible.

1-K. Functional Allocation of 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 deprecation, office, and occupancy, which are allocated on a square-footage basis as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Expenses that are specifically identifiable with a program are charged to that program.

1-L. Uncertain Tax Provisions

Accounting for uncertain income tax positions, relating to both federal and state income taxes, are required when a more likely than not threshold is attained. If such positions result in uncertainties, then the unrecognized tax liability is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. With the adoption of these new rules, the Organization assessed its tax positions in accordance with the guidance. The Organization has determined that its tax status as non-profit corporation is its only tax position and is highly certain. Therefore, these new rules had no impact on the Organization's financial statements.

1-M. Contributions

The Organization receives contributions and are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose restriction. Contributed property and equipment are recorded at fair value at the date of donation.

1-N. Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises to give are due in less than one year.

NOTE 2 - LIQUIDITY AND AVAILABILITY

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 the following:

Cash and Cash Equivalents, Current	**$ 565,923**
Accounts Receivable	**901,148**
	$ 1,467,071

NOTE 3 – LEGAL PROCEEDINGS

The Organization expenses all legal costs as incurred and there are no open legal matters as of December 31, 2023.

NOTE 4 - TUITION

The Organization receives various tuition funds throughout the year that are included in deferred revenue until the performance obligations have been met and the tuition is moved from the deferred revenue account and included in the tuition revenue for the year. The process is usually completed once a year around August.

NOTE 5 – INVESTMENTS

In accordance with ASC 820, Fair Value Measurements and Disclosures, the Organization utilizes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, and other inputs that are observable or can be corroborated by observable market data.

Level 3 - Inputs to the valuation methodology are both significant to the fair value measurement and unobservable.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2023:

	Level 1	**Level 2**	**Level 3**
Cash	$ 565,923	$ -	$ -
Total	**$ 565,923**	**$ -**	**$ -**

NOTE 6 – CONCENTRATIONS OF CREDIT AND MARKET RISK

The Organization maintains substantially all of their cash balance in deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes they are not overly exposed to any significant credit risk related to these deposit accounts.

NOTE 9 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through February 16th, 2024 the date of the financial statements.

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Audit trail

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