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**LEAP for Education, Inc.
Financial Statements
For the Years Ended
June 30, 2025 and 2024**

LEAP for Education, Inc.

Index

Independent Auditor's Report

Financial Statements:

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Independent Auditor's Report

To the Board of Directors
LEAP for Education, Inc.
Salem, MA

Opinion

I have audited the accompanying financial statements of LEAP for Education, Inc. (a nonprofit organization, the "Organization"), which comprise the statement of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LEAP for Education, Inc. as of June 30, 2025 and 2024, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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.

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 LEAP for Education, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

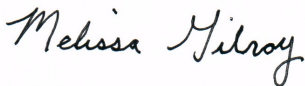
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements - continued

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 the Organization'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Melissa Gilroy, Certified Public Accountant
Westwood, Massachusetts
October 8, 2025

LEAP for Education, Inc.
Statement of Financial Position

As of June 30,	2025	2024
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 669,584	\$ 877,747
Certificates of deposit - short-term	729,482	791,490
Grant receivables, net	66,194	68,260
Pledge receivables, net	55,000	45,000
Prepaid expenses	35,051	45,067
Total current assets	<u>1,555,311</u>	<u>1,827,564</u>
Non Current Assets		
Pledge receivables, net	-	29,418
Other assets	5,999	5,999
Fixed assets, net	2,888	4,332
Operating lease - right of use assets	74,607	153,968
Total non-current assets	<u>83,494</u>	<u>193,717</u>
Total Assets	<u>\$ 1,638,805</u>	<u>\$ 2,021,281</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 167,544	\$ 211,159
Operating lease liability, current portion	73,860	85,362
Economic injury disaster loan, current portion	3,843	3,738
Total current liabilities	<u>245,247</u>	<u>300,259</u>
Long Term Liabilities		
Operating lease liability	-	70,641
Economic injury disaster loan	138,048	141,890
Total long term liabilities	<u>138,048</u>	<u>212,531</u>
Total liabilities	<u>383,295</u>	<u>512,790</u>
Net Assets		
Without donor restrictions	1,172,202	1,268,216
With donor restrictions	83,308	240,275
Total net assets	<u>1,255,510</u>	<u>1,508,491</u>
Total Liabilities and Net Assets	<u>\$ 1,638,805</u>	<u>\$ 2,021,281</u>

LEAP for Education, Inc.
Statement of Activities

For the years ended June 30,

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	
Revenue and Support						
Contract revenue	\$ 658,079	-	658,079	\$ 700,635	395,290	1,095,925
Grants	948,599	88,308	1,036,907	804,671	225,000	1,029,671
Contributions	405,111		405,111	361,390	26,000	387,390
Special events, net	342,560	-	342,560	236,086	-	236,086
Interest income	52,532	-	52,532	59,732	-	59,732
Other income	-	-	-	5,000	-	5,000
Release from restriction	245,275	(245,275)	-	676,061	(676,061)	-
Total revenue and support	2,652,156	(156,967)	2,495,189	2,843,575	(29,771)	2,813,804
Expenses						
Program services	2,205,792	-	2,205,792	2,307,636	-	2,307,636
Management and administrative	292,416	-	292,416	213,198	-	213,198
Fundraising	246,004	-	246,004	273,053	-	273,053
Total expenses	2,744,212	-	2,744,212	2,793,887	-	2,793,887
Change in Net Assets from Operations	(92,056)	(156,967)	(249,023)	49,688	(29,771)	19,917
Other Expense						
Interest Expense	3,958	-	3,958	3,245	-	3,245
Total other expense	3,958	-	3,958	3,245	-	3,245
Total Change in Net Asset	(96,014)	(156,967)	(252,981)	46,443	(29,771)	16,672
Net Assets at Beginning of Year	1,268,216	240,275	1,508,491	1,221,773	270,046	1,491,819
Net Assets at End of Year	\$ 1,172,202	83,308	1,255,510	\$ 1,268,216	240,275	1,508,491

The accompanying notes are integral to the financial statements.

LEAP for Education, Inc.
Statement of Functional Expenses

For the years ended June 30,

2025

2024

	2025				2024			
	Program	Management and Administrative	Fundraising	Total	Program	Management and Administrative	Fundraising	Total
Salaries	\$ 1,639,108	169,810	193,669	2,002,587	\$ 1,679,055	98,929	212,721	1,990,705
Payroll taxes	157,242	15,341	19,176	191,759	158,237	10,529	19,540	188,306
Benefits	94,164	22,085	11,478	127,727	75,298	19,345	5,447	100,090
	<u>1,890,514</u>	<u>207,236</u>	<u>224,323</u>	<u>2,322,073</u>	<u>1,912,590</u>	<u>128,803</u>	<u>237,708</u>	<u>2,279,101</u>
Contract and professional services	57,393	54,547	4,713	116,653	96,685	53,837	11,112	161,634
Facility expenses	115,937	5,219	10,437	131,593	112,204	15,417	16,402	144,023
Materials and supplies	65,112	7,840	1,220	74,172	86,125	3,859	1,380	91,364
Student service expense	75,375	-	-	75,375	95,962	-	-	95,962
Insurance	-	12,746	-	12,746	-	10,989	-	10,989
Travel and conferences	1,461	3,384	-	4,845	4,070	293	98	4,461
Development and marketing	-	-	5,311	5,311	-	-	6,353	6,353
Depreciation	-	1,444	-	1,444	-	-	-	-
Total Functional Expenses	\$ <u>2,205,792</u>	<u>292,416</u>	<u>246,004</u>	<u>2,744,212</u>	\$ <u>2,307,636</u>	<u>213,198</u>	<u>273,053</u>	<u>2,793,887</u>

LEAP for Education, Inc.

Statement of Cash Flows

For the years ended June 30,

2025

2024

Cash Flows from Operating Activities

Change in Net Assets	\$	(252,981)	\$	16,672
Adjustments to reconcile change in net assets to cash provided by operations				
Certificate of deposit interest reinvested		(34,516)		(31,932)
Depreciation		1,444		-
Operating lease		(2,782)		2,035
Changes in operating assets and liabilities:				
Grant receivables		2,066		47,792
Pledge receivables		19,418		(2,581)
Prepaid expenses		10,016		(8,334)
Other assets		-		(1,666)
Accounts payable and accrued expenses		(43,615)		8,580
Net Cash Provided by Operating Activities		<u>(300,950)</u>		<u>30,566</u>

Cash Flows from Investing Activities

Purchase of fixed assets		-		(4,332)
Withdraw of certificate of deposit funds		96,524		-
Purchase of certificate of deposit		-		(759,558)
Net Cash (Used in) Provided by Investing Activities		<u>96,524</u>		<u>(763,890)</u>

Cash Flows from Financing Activities

Repayment on EIDL loan		(3,737)		(3,623)
Net Cash Provided by (Used in) Financing Activities		<u>(3,737)</u>		<u>(3,623)</u>

Net (Decrease) Increase in Cash and Cash Equivalents	(208,163)	(736,947)
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Cash and Cash Equivalents - Beginning	<u>877,747</u>	<u>1,614,694</u>
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Cash and Cash Equivalents - Ending	<u>\$ 669,584</u>	<u>\$ 877,747</u>
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Supplement Disclosure of Cash Flow Information

Cash paid during the year for interest	<u>\$ 3,958</u>	<u>\$ 3,245</u>
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LEAP for Education, Inc.

Notes to Financial Statements

1. Nature of the Business

LEAP for Education, Inc. ("LEAP" or the Organization) was incorporated in July 2014 as a Massachusetts non-profit and is tax exempt for federal purposes under the Internal Revenue Code. LEAP for Education supports youth in their personal, educational, and career growth by partnering with the community to increase opportunities and advance equity. Substantially all of the participants of the Organization's programs are in the Essex County Massachusetts area. The Organization's main programs include:

Middle School and Teen Center – this program helps middle and high school students learn and explore their interests through enrichment, civic engagement, field trips and community service. These programs also offer extensive career services and provides mentoring and other social-emotional supports.

College Success Program – In 2025, the college success program was merged into the teen center. This program helps students further explore their strengths and interests in order to develop their aspirations and get the support needed to pursue their career interests with a post-secondary degree or credential. This program also provides advisers to provide ongoing support to students through college graduation. LEAP partner's with Salem State University and Salem High School in an early college program.

Additionally, LEAP offers a variety of programs to students in science, technology, engineering, arts and math (STEM) including robotics, coding, marine science and health science as well as after school programs and summer programs.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements are in conformity with generally accepted accounting principles in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent 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 those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are considered unrestricted.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed 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. 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. Restricted donations received and satisfied in the same fiscal year are reported as unrestricted net assets.

LEAP for Education, Inc.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less, when acquired, to be cash equivalents. The Organization maintains their cash in bank accounts which, at times, may exceed federally insured limits. The Organizations have not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Certificates of Deposit

A certificate of deposit with an original maturity of 90 days or less is included in cash and cash equivalents. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as short-term assets and included in the accompanying statement of financial position as certificates of deposit – short-term. Certificates of deposit with remaining maturities greater than one year are classified as long-term assets.

Grant and Pledge Receivables

The Organization carries its receivables at an amount equal to uncollected but earned revenue less an allowance for doubtful accounts. On a periodic basis, the Organization evaluates its receivable and establishes an allowance for doubtful accounts, based on a history of past write-offs and collections and current credit conditions. As of June 30, 2025 and 2024, management has estimated that no allowance is required.

At June 30, 2025 and 2024 approximately 65% and 83% of the grant receivable balance was due from two resource providers, respectively. Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met. At June 30, 2025 and 2024, 55% and 67% of the pledge receivables balance was due from one resource provider, respectively.

Fixed Assets

Fixed assets are stated at cost at the time of acquisition or fair market value at the time of donation. Expenditures for maintenance and repairs are charged to expense as incurred; betterments are capitalized. When assets are sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain and loss is credited or charged to operations. Depreciation is recorded on a straight-line basis based on their estimated useful lives. As of fiscal year ended June 30, 2025, the Organization's fixed assets consists of equipment with a useful life of 3 years. .

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis amongst its various programs and other activities. All of the Organization's allocated expenditures have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Management, general and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization and include those costs related to the internal management and accounting for program services. Fundraising costs include all activities related to maintaining contributor information and other similar projects related to the procurement of funds.

LEAP for Education, Inc.

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Donated Facilities, Services and Materials

Donated facilities, services and materials are recorded at the estimated fair value provided to the Organization. Contributed services are recognized for services that require specialized skills and are provided by persons possessing those skills in the period in which they are received in accordance with GAAP.

Revenue Recognition

The Organization recognizes contribution and grant income when cash, securities or other assets; an unconditional promise to give; or a 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 met. Contract revenue in the accompanying financial statements consists of grant contracts and subcontracts with cities and states, some of which are conditional. Contract revenue from three sources represented 62% and 68% of total contract revenue at June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, grant income from one source represented 21% and 23% of total grant income, respectively.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Income Taxes

The Corporation is a tax-exempt entity under Code Section 501(c)(3) of the Internal Revenue Code (the "Code"), and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code and is not considered to be a private foundation. Accordingly, no provision for income taxes is included in the financial statements.

The Organization complies with the provisions of GAAP related to the accounting for the uncertainty in income taxes. As required, the Organization has evaluated its tax positions, applying a "more likely than not" threshold and believes that there would be no material changes to the results of its operation or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known and required tax returns in a timely manner, including as permitted, allowed extensions.

Right-of-Use Asset and Lease Liability

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines such assets are leased because the Organization has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset.

The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. ROU asset represents the right to use an underlying asset for the lease term, and lease liability represents the obligation to make lease payments arising from the lease, measured on a discounted basis. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable in the lease agreement, or a risk free rate based on the information available at the commencement date to determine the present value of lease payments. Lease classification is determined at lease commencement date as operating or finance. The Organization does not have any finance leases.

LEAP for Education, Inc.
Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Right-of-Use Asset and Lease Liability

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Organization has elected not to record leases with an initial term of twelve months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

3. Special Events

During 2025 and 2024, the Organization had special event revenue and related expense consisting of the following:

	2025	2024
Special event donation revenue	346,422	243,310
Special event ticket revenue	33,620	30,650
Special event expense	(37,482)	(37,874)
	<u>\$ 342,560</u>	<u>\$ 236,086</u>

4. Operating Lease

The Organization is the lessee of space under an operating (rental) lease in Massachusetts. The lease requires monthly payments of approximately \$7,000 per month and expires in April 2026. The lease contains a provision to extend for another five years with a term expiring in April 2031 which has not been exercised as of the auditor's report date.

During 2025, the Organization entered into a short-term lease that terminates in September of 2025 with monthly rent payable of \$1,750.

Operating lease right of use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, using the risk-free rate at the commencement date in determining the present value of future payments.

Maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities:

2026	\$ 74,660
2027	-
Total	<u>\$ 74,660</u>
Less present value discount	(800)
Total lease liability	<u>\$ 73,860</u>

Weighted average remaining lease term in years for the operating lease was 0.83. The weighted average discount rate for the operating lease is 2.88%.

Total rent expense for the years ended June 30, 2025 and 2024 amounted to \$106,616 and \$100,645, respectively.

5. Pledge Receivables

As of June 30, 2025 and 2024, pledge receivables consisted of:

	2025	2024
Due within one year	\$ 55,000	\$ 51,000
Two to Five years	-	25,000
Total contribution receivable	<u>\$ 55,000</u>	<u>\$ 76,000</u>
Less discount at 2.75%	-	(1,582)
Pledge receivables, net	<u>\$ 55,000</u>	<u>\$ 74,418</u>

LEAP for Education, Inc.

Notes to the Financial Statements

6. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date consists of:

Financial assets at year end:	2025	2024
Cash and cash equivalents	\$ 669,584	877,747
Certificates of deposit - short-term	729,482	791,490
Grant receivables, net	66,194	68,260
Pledge receivables, net	55,000	74,418
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(83,308)	(240,275)
Financial assets available to meet general expenditures over the next twelve months:	\$ 1,436,952	\$ 1,571,640

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expense, which it was able to achieve in both fiscal 2025 and 2024. Additionally, LEAP has a line of credit available to meet cash flow needs.

7. Net Assets with Donor Restrictions

Included in net assets with donor restrictions as of June 30, 2025 and 2024 includes:

	2025	2024
<i>Time:</i>	\$ 55,000	\$ 74,418
<i>Specific Purpose:</i>		
Lynn Programming	-	50,000
Salem Programming	-	35,000
Technology	-	28,479
Middle School Program	21,308	19,578
Summer Work Program	-	15,000
Teen Program	7,000	14,500
Stem Program		3,300
	\$ 83,308	\$ 240,275

A portion of the funds that were time restricted were also purpose restricted for programming in future fiscal years.

8. Debt

In July 2020, the Organization obtained a loan under the SBA's Economic Injury Disaster Loan (EIDL) program amounting to \$150,000. The loan requires monthly payment of principal and interest of \$641 which commenced in December 2022. The note carries a fixed interest rate of 2.75% and matures in June 2050. Future payments on the loan are:

2026	\$ 3,843
2027	3,950
2028	4,060
2029	4,173
2030	4,289
Thereafter	121,576
	\$ 141,891

Interest on the debt amounted to \$3,958 and \$3,245 for the years ended June 30, 2025 and 2024, respectively.

LEAP for Education, Inc.

Notes to the Financial Statements

9. Line of Credit

During fiscal 2024, LEAP obtained a line of credit in the amount of \$150,000 to be used for working capital purposes payable on demand. Interest on the line is fixed at the WSJ Prime rate. Accrued interest on the line is due monthly. Under the line, the Organization is required to maintain a debt service coverage ratio of 1.20. As of the year-end June 30, 2025, LEAP was in not in compliance with this covenant. No amounts were outstanding as of June 30, 2025 and 2024, respectively.

10. Retirement Plan

The Organization, Inc. established a tax-deferred profit sharing 401(k) on July 1, 2021. The plan covers substantially all employees that meet the minimum age requirement of 21. The assets are held for each employee in an individual account maintained by an investment firm. The Organization's match is discretionary and vests after two years of service. For the years ended June 30, 2025 and 2024, the Organization's did not declare a match.

11. Related Party Disclosures

During the years ended June 30, 2025 and 2024, donations from Board members amounted to approximately \$61,500 and \$51,600, respectively.

Additionally, as of June 30, 2025 and 2024, 49% and 69% of accounts payables balances were due to employees, respectively.

12. Subsequent Events

Management has evaluated subsequent events through October 8, 2025, which is the date financial statements were available to be issued.