

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
AUGUST 31, 2019 AND 2018**

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Leadership, Education and Athletics in Partnership, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Leadership, Education and Athletics in Partnership, Inc. (the Organization), which comprise the statements of financial position as of August 31, 2019 and 2018, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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.

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 Leadership, Education and Athletics in Partnership, Inc. as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2020, on our consideration of Leadership, Education and Athletics in Partnership, Inc.'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 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 Leadership, Education and Athletics in Partnership, Inc.'s 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 Leadership, Education and Athletics in Partnership, Inc.'s internal control over financial reporting and compliance.

Marcum LLP

New Haven, CT
May 13, 2020

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

STATEMENTS OF FINANCIAL POSITION

AUGUST 31, 2019 AND 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,189,716	\$ 1,356,173
Grants receivable	118,119	--
Prepaid insurance	<u>37,241</u>	<u>36,919</u>
Total Current Assets	1,345,076	1,393,092
Property and Equipment - net	369,990	400,477
Other Assets		
Investments	<u>152,864</u>	<u>162,105</u>
Total Assets	<u><u>\$ 1,867,930</u></u>	<u><u>\$ 1,955,674</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	<u>\$ 41,949</u>	<u>\$ 23,483</u>
Net Assets		
Without donor restrictions		
Board designated	900,000	900,000
Undesignated	<u>635,642</u>	<u>730,876</u>
	1,535,642	1,630,876
With donor restrictions	<u>290,339</u>	<u>301,315</u>
Total Net Assets	<u>1,825,981</u>	<u>1,932,191</u>
Total Liabilities and Net Assets	<u><u>\$ 1,867,930</u></u>	<u><u>\$ 1,955,674</u></u>

The accompanying notes are an integral part of these financial statements.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
Activities Without Donor Restrictions		
Revenue and Support		
State financial assistance	\$ 429,294	\$ 312,211
Federal financial assistance	--	8,707
Private foundation and other contributions	1,424,304	1,465,456
Interest and investment income	8,086	13,808
Program service fees	<u>36,556</u>	<u>50,752</u>
Total revenue and support	1,898,240	1,850,934
Net assets released from restrictions - satisfied by meeting restrictions	<u>305,158</u>	<u>533,484</u>
Total unrestricted revenue and support	<u>2,203,398</u>	<u>2,384,418</u>
Expenses		
Program services	1,847,504	1,481,145
Management and general	154,633	160,989
Fund development	<u>296,505</u>	<u>250,954</u>
Total Expenses	<u>2,298,642</u>	<u>1,893,088</u>
Change in Net Assets Without Donor Restrictions	<u>(95,244)</u>	<u>491,330</u>
Activities With Donor Restrictions		
Private foundation and other contributions	296,100	346,595
Investment return	(1,908)	12,278
Net assets released from restrictions	<u>(305,158)</u>	<u>(533,484)</u>
Change in Net Assets With Donor Restrictions	<u>(10,966)</u>	<u>(174,611)</u>
Change in Net Assets	(106,210)	316,719
Net Assets - Beginning	<u>1,932,191</u>	<u>1,615,472</u>
Net Assets - Ending	<u>\$ 1,825,981</u>	<u>\$ 1,932,191</u>

The accompanying notes are an integral part of these financial statements.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ (106,210)	\$ 316,719
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	45,767	42,010
Realized and unrealized loss (gain) on investments	1,908	(12,278)
Changes in operating assets and liabilities:		
Grants receivable	(118,119)	298,222
Prepaid insurance	323	251
Other current assets	(645)	645
Accounts payable and accrued expenses	<u>18,466</u>	<u>(81,723)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(158,510)</u>	<u>563,846</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(15,280)	(103,705)
Proceeds from the sale of investments	<u>7,333</u>	<u>6,889</u>
Net Cash Used in Investing Activities	<u>(7,947)</u>	<u>(96,816)</u>
Change in Cash and Cash Equivalents	(166,457)	467,030
Cash and Cash Equivalents - Beginning	<u>1,356,173</u>	<u>889,143</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 1,189,716</u></u>	<u><u>\$ 1,356,173</u></u>

The accompanying notes are an integral part of these financial statements.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Leadership, Education and Athletics in Partnership, Inc. (LEAP) was created in 1992 to harness the power of young people from challenging urban neighborhoods to change their lives and the lives of others. As described in LEAP's Charter, it develops leaders through mentorship and experiential learning around education, athletics and community. LEAP works with youth and children ages 5 - 23 from the local community and hires, trains, guides and supervises college and high school counselors to run year-round after-school and summer programs for young children. The program provides children with engaging and creative year-round academic and social development programs and youth role models and provides counselors with the support and guidance to excel in their work as teachers and mentors for children, in their own education and professional lives and in their leadership abilities.

BASIS OF PRESENTATION

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenue is recognized when earned and expenses when the related liability for goods or services is incurred, regardless of cash flow timing.

NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The ASU addresses the complexity and understandability of net asset classification, and consistency in information about liquidity and availability of resources, expenses, and investment return. The major changes of the ASU affecting the Agency include (a) requiring the presentation of two classes of net assets entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring the qualitative and quantitative information regarding the liquidity and availability of resources, and (c) enhanced disclosures regarding functional expense reporting. ASU 2016-14 has been applied retrospectively to all periods presented. The application of the ASU did not affect the change in net assets for the years August 31, 2019 and 2018.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets with restrictions for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

CASH AND CASH EQUIVALENTS

LEAP considers all short-term, highly liquid investments with a maturity of three months or less when acquired to be cash equivalents. Cash equivalents include money market funds, which are readily convertible to cash, and are stated at cost, which approximates fair value. Cash equivalents were \$561,085 and \$564,792 as of August 31, 2019 and 2018, respectively.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments consist of funds invested in pooled accounts held and managed by the Community Foundation for Greater New Haven, Inc. (CFGNH). Gains and losses are included in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or by operation of law. Nonmonetary investments received as gifts are immediately sold and recorded at the net realized value.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible those changes in the fair value of investments could occur in the near term and that such changes could materially affect the financial statements.

PROPERTY AND EQUIPMENT

LEAP capitalizes expenditures for property and equipment in excess of \$5,000 and for computer equipment and software in excess of \$500. Property and equipment are recorded at cost and include expenditures that materially increase values or extend useful lives of the assets. Upon disposition or retirement of property and equipment, the cost and related accumulated depreciation and amortization are eliminated from the respective accounts and the resulting gain or loss is included in the statements of activities and changes in net assets. Expenditures in the nature of normal repairs and maintenance are charged to operations as incurred.

Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the term of the lease agreement or estimated useful lives of the assets. Estimated lives for financial reporting purposes are as follows:

<u>Asset</u>	<u>Estimated Lives</u>
Recreation field and improvements	15 years
Computer equipment and software	3 - 5 years
Furniture and fixtures	3 - 7 years
Vehicles	3 years
Leasehold improvements	Shorter of 15 - 30 years or term of lease

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

Management reviews long-lived assets for impairment whenever events or business conditions indicate the carrying amount of such assets may not be recoverable. Initial assessment of recoverability are based on estimates of undiscounted future cash flows associated with these assets. Where impairment is indicated, the carrying amount of these long-lived assets is reduced to fair value based on discounted net cash flows or other estimates of fair value. There were no impairment losses related to long-lived assets during the years ended August 31, 2019 and 2018.

REVENUE RECOGNITION

GOVERNMENT GRANTS AND DEFERRED INCOME

LEAP receives various grants to provide educational, leadership and academic development to children. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenue from grants are deemed earned and recognized in the statements of activities and changes in net assets when expenditures are made for the purpose specified. Funds received in excess of expenditures would be recorded as refundable advances until allowable expenditures have been made.

CONTRIBUTIONS

Contributions, including unconditional promises to give are recorded as revenue and support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at present value of estimated cash flows after an allowance for estimated uncollectible contributions is provided. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROGRAM SERVICE FEES

Program service fees are recognized as revenue in the period in which the related services are provided.

DONATED SERVICES

LEAP received professional services which otherwise would have had to be paid for. These donated services amounted to \$28,000 in 2019 and \$31,800 in 2018, respectively and are reflected in private foundation and other contributions in the statement of activities and changes in net assets and contract services and professional fees in the schedule of functional expenses. In addition, a substantial number of individuals volunteer their time and perform a variety of tasks that assist the organization with specific programs or as board members. No amounts have been recorded in the financial statements for these donated volunteer services for the years ended August 31, 2019 and 2018 as they do not meet the criteria for recognition.

ALLOWANCE FOR RECEIVABLES

Allowances for receivables and promises to give are determined by management based on an assessment of their collectability. Management considers past history, current economic conditions and overall viability of the third party. Receivables are written-off only when management believes amounts will not be collected. Receivables are considered past due based on the invoice or pledge date. As of August 31, 2019 and 2018, there were no allowances required.

EXPENSE RECOGNITION AND ALLOCATION

The cost of providing LEAP's programs and other activities is summarized on a functional basis in the statement of activities and notes. Expenses that can be identified with a specific program or support service are charged directly to the program or support service. Costs common to multiple functions have been allocated among the various functions benefited using an allocation method. The allocation to programs is based on full time equivalents (FTE) of each function to the total FTEs. The expenses that are being allocated include utilities, payroll processing and technical support and depreciation.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

LEAP is exempt from Federal income taxes under the provisions of Internal Revenue Code Section 501 (c)(3).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of August 31, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. LEAP is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) that eliminates the transaction-specific and industry-specific revenue recognition guidance under current U.S. Generally Accepted Accounting Principles (U.S. GAAP) and replaces it with a principle-based approach for determining revenue recognition. The core principle of this new standard is to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2015-14 that deferred the effective date of ASU 2014-09. The guidance is applicable to the Company for the year ended August 31, 2020. Management is currently evaluating the impact of this new guidance, but does not currently anticipate that it will materially affect the financial statements.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In February 2015, the FASB issued ASU 2016-02, *Leases* (Topic 842) (ASU 2016-02). ASU 2016-02 requires that a lessee generally recognize assets and liabilities from all leases. A lessee should recognize in the statement of financial position a liability to make lease payment (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted for all nonpublic business entities upon issuance. Management is currently evaluating the impact of ASU 2016-02 but does not believe it will be material to the financial statements.

SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the coronavirus to be a pandemic. LEAP derives a significant portion of its revenues by providing social services to the public. As a result of the coronavirus, LEAP needs to continually evaluate its services to ensure the safety of staff and the public. Due to the unknown duration and extent of the pandemic, LEAP is unable to determine the impact the pandemic might have on future operations and financial performance.

LEAP has received approval for a loan under the CARES Act Paycheck Protection Program from the Small Business Administration in the amount of \$320,152. LEAP anticipates that all or some of this loan will be forgiven and that it will return any remaining balance to the lender.

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through May 13, 2020, the date the financial statements were available to be issued. Except as disclosed above, there were no subsequent events that require recognition or disclosure in these financial statements.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

DEPOSITORY ACCOUNTS AND INVESTMENTS

Financial instruments that potentially subject LEAP to concentrations of credit risk consist primarily of cash, cash equivalents and investments. The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits of \$250,000 per depositor, per financial institution. The Organization has not experienced any losses from such concentrations. LEAP's investments are spread over a diversified portfolio managed by the CFGNH. This investment policy limits the Organization's exposure to concentrations of credit risk.

FUNDING SOURCES

A significant concentration of grants are received from Federal and State agencies. Because all grants are evidenced by signed contracts, management believes there is negligible credit risk associated with these amounts and, therefore, no allowance for doubtful accounts is considered necessary. However, any loss or reduction of major grants from these funding sources could have significant impact on LEAP's financial position and program services.

The Connecticut Department of Education provides a significant percentage of LEAP's total support and revenue. Grant revenue from this State agency totaled \$429,294 and \$312,211 for the years ended August 31, 2019 and 2018, respectively. The amount receivable relating to these grants as of August 31, 2019 totaled \$117,083. There was no receivable at August 31, 2018.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 3 - LIQUIDITY AND AVAILABILITY

LEAP regularly monitors liquidity required to meet its operating needs, capital needs, and contractual commitments, while also striving to maximize the available funds. Financial assets available for general expenditure, that is, without donor or other restrictions limiting its use, within one year of August 31, 2019 and 2018, is as follows:

	2019	2018
Financial Assets		
Cash and equivalents	\$ 1,189,716	\$ 1,356,173
Grants receivable	118,119	--
Investments	<u>152,864</u>	<u>162,105</u>
	1,460,699	1,518,278
Less restricted assets by board designation	(900,000)	(900,000)
Less contractual or donor imposed restrictions		
Restricted by donors with time or purpose restriction	(210,113)	(221,089)
Restricted by donors in perpetuity	<u>(80,226)</u>	<u>(80,226)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 270,360</u>	<u>\$ 316,963</u>

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

INVESTMENTS

Investments consisted of the following at August 31:

	2019	2018
Funds administered by the Community Foundation of Greater New Haven		
Bovilsky Fund	\$ 34,568	\$ 36,701
LEAP Endowment Fund	<u>118,296</u>	<u>125,404</u>
	<u>\$ 152,864</u>	<u>\$ 162,105</u>

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

LEAP's investment funds are pooled with other funds held by CFGNH and invested in a diversified portfolio of investments managed by CFGNH. CFGNH provides professionally managed investment funds to meet the needs of not-for-profits in the Greater New Haven area. The value of the LEAP investment is based upon the relationship of LEAP's funds to the total investment holding LEAP funds. The underlying investments at CFGNH are recorded at fair value and are comprised of the three levels of the fair value hierarchy discussed below.

The CFGNH funds included alternative investments, which are principally absolute return and hedge strategies, and real assets, such as private equity, hedged equity and real estate. Because most alternative investments are not immediately marketable given the nature of the underlying strategies and the terms of the investment's governing agreement, the estimated fair value is subject to uncertainty and, therefore, may differ from the value that may be received if a ready market for the investments had been in existence, and the difference could be material. Fair value of alternative investments in limited partnerships are determined by the general partner to be at fair value pursuant to accounting standards referred to as Fair Value Measurements after it considers certain pertinent factors that are reviewed and discussed by CFGNH management and its investment committee, in consultation with its independent advisory firm.

Distributions from the fund are paid annually to LEAP in an amount available from the fund for expenditure during the year as determined in accordance with CFGNH's Spending Rule Policy. Under the agreement between LEAP and CFGNH, distributions in excess of the normal annual distribution require at least 30 days' notice. There are no unfunded commitments associated with this investment.

FAIR VALUE MEASUREMENTS

Management categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs that are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

The inputs used to measure fair value fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. Management's assessment of the significance of a particular input value to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

LEAP applies the three-level fair value hierarchy based on transparency of inputs to the valuation of an asset or liability.

Level 1: Values are unadjusted quoted prices from identical assets and liabilities in active markets accessible at the measurement date.

Level 2: Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3: Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following is a summary of investment assets within the three-tier fair value hierarchy as of August 31:

	2019			
	Level 1	Level 2	Level 3	Total
Investments				
CFGNH				
Bovilsky Scholarship Fund	\$ --	\$ --	\$ 34,568	\$ 34,568
LEAP Endowment Fund	<u>--</u>	<u>--</u>	<u>118,296</u>	<u>118,296</u>
Total Investments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 152,864</u>	<u>\$ 152,864</u>

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

	2018			
	Level 1	Level 2	Level 3	Total
Investments				
CFGNH				
Bovilsky Scholarship Fund	\$ --	\$ --	\$ 36,701	\$ 36,701
LEAP Endowment Fund	<u>--</u>	<u>--</u>	<u>125,404</u>	<u>125,404</u>
Total Investments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 162,105</u>	<u>\$ 162,105</u>

There have been no changes in valuation techniques and related inputs used at August 31, 2019 and 2018.

The Organization's policy is to recognize transfers in and transfers out of the various levels as of the actual date of the event or change in circumstance that caused the transfer. There were no transfers during the years ended August 31, 2019 and 2018.

The following table sets forth a summary of changes in the fair value of the Level 3 assets for the years ended August 31, 2019 and 2018:

	2019	2018
Balance, beginning of year	\$ 162,105	\$ 156,716
Realized gains	1,187	9,237
Unrealized (losses) gains relating to investments		
still held at the reporting date	(3,095)	3,041
Sales	<u>(7,333)</u>	<u>(6,889)</u>
Balance, end of year	<u>\$ 152,864</u>	<u>\$ 162,105</u>

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

The following summarizes the carrying value of investments, by net asset classification, as of August 31, 2019 and 2018:

	2019	2018
Funds administered by CFGNH under the Bovilsky Fund and the LEAP Endowment Fund:		
With donor restrictions	\$ <u>152,864</u>	\$ <u>162,105</u>

The following schedule summarizes the investment return in the statements of activities and changes in net assets for the years ended August 31, 2019 and 2018:

	2019	2018
Interest and dividend income	\$ 730	\$ 707
Investment fees	(1,564)	(1,781)
Realized gain on investments	2,021	10,311
Unrealized (loss) gain on investments	<u>(3,095)</u>	<u>3,041</u>
Interest in investment (loss) income	\$ <u>(1,908)</u>	\$ <u>12,278</u>

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at August 31, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Recreation field and improvements	\$ 35,865	\$ 35,865
Furniture and fixtures	26,704	26,704
Equipment	93,583	86,264
Vehicles	35,694	35,694
Leasehold improvements	<u>778,291</u>	<u>778,291</u>
	970,137	962,818
Less accumulated depreciation and amortization	<u>(600,147)</u>	<u>(562,341)</u>
Property and equipment - net	<u>\$ 369,990</u>	<u>\$ 400,477</u>

Depreciation expense totaled \$45,767 and \$42,010 for the years ended August 31, 2019 and 2018, respectively.

NOTE 6 – OPERATING LEASE COMMITMENT

The Organization leases its facilities from the Housing Authority of the City of New Haven under a noncancellable lease that expires in October 2022. The lease is renewable for one additional five-year period. The annual lease cost is \$1 and the Organization is responsible for maintenance, repairs, and general upkeep costs for the facility in lieu of rent. Such costs amounted to \$37,535 and \$34,906 for the years ended August 31, 2019 and 2018, respectively.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

As of August 31, 2019 and 2018, net assets with donor restrictions are available for the following purposes:

	2019	2018
Donor restricted net assets with time or purpose restrictions		
General operations	\$ 38,060	\$ 45,178
LEAP for the Future fund	113,075	113,075
Scholarship fund	58,318	36,701
LEAP computer learning center	--	20,000
Athletics and Saturday building use	<u>660</u>	<u>6,135</u>
	210,113	221,089
Donor restricted net assets held in perpetuity		
Endowment	<u>80,226</u>	<u>80,226</u>
	<u>\$ 290,339</u>	<u>\$ 301,315</u>

NOTE 8 – ENDOWMENT

LEAP's endowment consists of individual funds established for the support of the organization's operating budget. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Investment Return Objectives, Risk Parameters and Strategies. LEAP invests its portfolio with the CFGNH and, as such, follows the CFGNH's investment policy. The CFGNH's investment policy follows a total return approach to investing. This investment approach strives to balance income and potential for capital appreciation so that both components can contribute to the long-term total return of the LEAP's pooled investment portfolio.

Spending Policy. Since LEAP invests its portfolio with the CFGNH, it also follows the CFGNH spending policy, which determines the amount that will be available each year for the support of the organization's operating budget. The spending formula is designed to minimize the impact of market fluctuations and provide for adjustments to spending in favorable and unfavorable markets. It applies to all funds, with the exception of portions of funds that represent non-liquid assets, funds that hold income generating investments and where gift instruments specifically provide for distributions of other amounts.

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 8 – ENDOWMENT (CONTINUED)

The investment and spending policy guidelines are designed to operate in concert in order to provide a significant and stable flow of funds over the short-term to provide resources to meet current operating needs and, at the same time, maintain the purchasing power of the funds over the long-term.

The Organization's Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (CTUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Board of Directors in a manner consistent with the standard of prudence prescribed by CTUPMIFA.

In accordance with CTUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the Organization and donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization and (7) the Organization's investment policies.

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 8 – ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended August 31, 2019 are as follows:

	Original Gift	Accumulated gains, losses and other	Total With Donor Restrictions
Endowment net assets, beginning of year	\$ 80,226	\$ 45,178	\$ 125,404
Investment income, net	--	559	559
Net realized and unrealized appreciation	--	(1,994)	(1,994)
Amounts appropriated for expenditure	<u>--</u>	<u>(5,683)</u>	<u>(5,683)</u>
Endowment net assets, end of year	<u>\$ 80,226</u>	<u>\$ 38,060</u>	<u>\$ 118,286</u>

Changes in endowment net assets for the year ended August 31, 2018 was as follows:

	Original Gift	Accumulated gains, losses and other	Total With Donor Restrictions
Endowment net assets, beginning of year	\$ 80,226	\$ 41,059	\$ 41,059
Investment income, net	--	543	543
Net realized and unrealized appreciation	--	9,055	9,055
Amounts appropriated for expenditure	<u>--</u>	<u>(5,479)</u>	<u>(5,479)</u>
Endowment net assets, end of year	<u>\$ 80,226</u>	<u>\$ 45,178</u>	<u>\$ 125,404</u>

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 9 – PENSION PLAN

The Organization maintains a 403(b) retirement plan that covers all employees who meet a minimum set of requirements as defined by the plan document. The plan allows the Organization to make a discretionary match of each employee's contributions to a maximum of 25% of the first \$800 contributed. There was no Organization match for the year ended August 31, 2019 and 2018.

NOTE 10 – LEAP FOR THE FUTURE FUNDS

During the year ended August 31, 2006, the Board commenced the "LEAP for the Future Fund" campaign. The goal of the campaign is to raise a minimum of \$1.5 million operating reserve to provide resources to: (1) fund ongoing capital improvements to the fifteen thousand square foot Roslyn Milstein Meyer LEAP Community Center, (2) manage operational cash flow and (3) stabilize and sustain the program during periods of uncertainty related to funding cutbacks.

As of August 31, 2019 and 2018, the fund includes the following:

	<u>2019</u>	<u>2018</u>
Board designated - without donor restriction	\$ 900,000	\$ 900,000
Donor designated - with donor restriction	<u>113,075</u>	<u>113,075</u>
	<u>\$ 1,013,075</u>	<u>\$ 1,013,075</u>

LEADERSHIP, EDUCATION AND ATHLETICS IN PARTNERSHIP, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018

NOTE 11 – FUNCTIONAL EXPENSES

LEAP provides services to clients within its geographic area. Expenses related to providing these services are as follows at August 31:

	2019				2018			
	Program Services	Management and General	Fund Development	Total	Program Services	Management and General	Fund Development	Total
Salaries and wages	\$ 1,168,271	\$ 94,301	\$ 211,434	\$ 1,474,006	\$ 922,223	\$ 122,319	\$ 175,391	\$ 1,219,933
Benefits and taxes	138,050	8,777	46,298	193,125	120,181	5,044	36,280	161,505
Travel and transportation	114,346	--	--	114,346	50,419	--	48	50,467
Contract services and professional fees	68,232	23,207	--	91,439	83,545	5,729	6,865	96,139
Materials, books and supplies	8,663	11,266	33,054	52,983	30,361	10,695	30,280	71,336
Educational activities and programs	99,914	--	--	99,914	68,937	--	--	68,937
Telephone and utilities	60,268	5,270	--	65,538	60,640	4,184	2,090	66,914
Insurance	90,476	8,627	--	99,103	67,921	8,347	--	76,268
Depreciation and amortization	45,767	--	--	45,767	42,010	--	--	42,010
Bank fees	--	3,185	--	3,185	--	4,671	--	4,671
Building and pool maintenance	37,535	--	--	37,535	34,906	--	--	34,906
Scholarships	15,982	--	--	15,982	--	--	--	--
Other expenses	--	--	5,719	5,719	2	--	--	2
	<u>\$ 1,847,504</u>	<u>\$ 154,633</u>	<u>\$ 296,505</u>	<u>\$ 2,298,642</u>	<u>\$ 1,481,145</u>	<u>\$ 160,989</u>	<u>\$ 250,954</u>	<u>\$ 1,893,088</u>

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

**REPORT ON EXAMINATION IN ACCORDANCE
WITH THE STATE OF CONNECTICUT
SINGLE AUDIT ACT**

FOR THE YEAR ENDED AUGUST 31, 2019

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

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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 Directors
Leadership, Education and Athletics in Partnership, Inc.

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 Leadership, Education and Athletics in Partnership, Inc. (LEAP, a nonprofit organization), which comprise the statement of financial position as of August 31, 2019, the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered LEAP's internal control over financial reporting (internal control) to determine the audit 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 LEAP's internal control. Accordingly, we do not express an opinion on the effectiveness of LEAP'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 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 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 may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether LEAP'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 determination of financial statement amounts. 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 LEAP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LEAP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

New Haven, CT
May 13, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED
BY THE STATE SINGLE AUDIT ACT**

To the Board of Directors
Leadership, Education and Athletics in Partnership, Inc.

REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM

We have audited Leadership, Education and Athletics in Partnership, Inc.'s (LEAP) compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on LEAP's major state program for the year ended August 31, 2019. LEAP's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on compliance for LEAP's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about LEAP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of LEAP's compliance.

OPINION ON EACH MAJOR STATE PROGRAM

In our opinion, LEAP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended August 31, 2019.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of LEAP is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LEAP's internal control over compliance with the types of requirements that could have a direct and material effect on its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for its major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LEAP's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

We have audited the financial statements of LEAP as of and for the year ended August 31, 2019, and have issued our report thereon dated May 13, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is 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 schedule of expenditures of state financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Marcum LLP

New Haven, CT
May 13, 2020

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED AUGUST 31, 2019

State Grantor/ Pass-through Grantor/ Program Title	State Grant Program CORE-CT Number	Passed Through to Subrecipients	Expenditures
<u>Department of Education</u>			
Leadership, Education and Athletics in Partnership (2019)	11000-SDE64000-12211	\$ --	\$ 312,211
Leadership, Education and Athletics in Partnership (2020)	11000-SDE64000-12211	__ --	<u>117,083</u>
Total Expenditures of State Financial Assistance		<u>\$ --</u>	<u>\$ 429,294</u>

See notes to Schedule of Expenditures of State Financial Assistance.

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

NOTE TO SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2019

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes state grant activity of Leadership, Education and Athletics in Partnership, Inc. (LEAP), under programs of the State of Connecticut. The Department of Education of the State of Connecticut has provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accounting policies of LEAP conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

BASIS OF PRESENTATION

The expenditures reported on the Schedule are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2019

I. SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' opinion issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency (ies) identified? _____ yes x none reported
- Noncompliance material to financial statements
noted? _____ yes x no

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency (ies) identified? _____ yes x none reported

Type of auditors' report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to
be reported in accordance with Section 4-236-24
of the Regulations to the State Single Audit Act?

_____ yes x no

IDENTIFICATION OF MAJOR PROGRAMS

State Grantor and Program	State Core-CT Number	Expenditures
Department of Education: Leadership, Education and Athletics in Partnership	11000-SDE64000-12211	\$ 429,294
Dollar threshold used to distinguish between type A and type B programs		\$ 100,000

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED AUGUST 31, 2019

SECTION II. FINANCIAL STATEMENT FINDINGS

No matters to report.

SECTION III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters to report.

**LEADERSHIP, EDUCATION AND
ATHLETICS IN PARTNERSHIP, INC.**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED AUGUST 31, 2019

SECTION IV. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINANCIAL STATEMENT FINDINGS

Finding # 2018-001

Material Weakness

Finding

LEAP's financial statements were not available until approximately six months after year-end, and did not contain all adjustments necessary for complete, timely and accurate presentation.

Current Status

The prior year finding has been corrected.