

**LEADERS IN TRAINING**  
**FINANCIAL STATEMENTS**  
**JULY 31, 2023**

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FINANCIAL STATEMENTS  
JULY 31, 2023**

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*Independent Auditor's Report*

To the Board of Directors of  
Leaders in Training

Opinion

We have audited the accompanying financial statements of Leaders in Training (a nonprofit organization), which comprise the statement of financial position as of July 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leaders in Training (the "Organization") as of July 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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.



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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ellsworth & Stout, LLC

Las Vegas, Nevada  
January 13, 2025

**LEADERS IN TRAINING  
STATEMENT OF FINANCIAL POSITION  
JULY 31, 2023**

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**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$	153,008
Investments		131,133
Total current assets		<u>284,141</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>284,141</u></b>

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accrued expenses	\$	14,619
Total current liabilities		<u>14,619</u>

**Net Assets:**

Without donor restrictions		248,432
With donor restrictions		21,090
Total net assets		<u>269,522</u>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b><u>284,141</u></b>

*See accompanying notes to the financial statements.*

**LEADERS IN TRAINING  
STATEMENT OF ACTIVITIES  
YEAR ENDED JULY 31, 2023**

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**Net Assets without Donor Restrictions**

Revenue and other support:

Grant income	\$ 95,840
Contributions	64,169
Program revenue	18,615
Special events, net of expenses of \$26,751	45,993
Net assets released from donor restrictions	218,910
	<u>443,527</u>

Expenses:

Program services	391,304
Supporting services:	
Management and general	47,612
	<u>438,916</u>

Other income (expense):

Net realized and unrealized gain (loss) on investments	11,404
Other income	266
	<u>11,670</u>
Increase in net assets without donor restrictions	<u>16,281</u>

**Net Assets with Donor Restrictions**

Grant income	240,000
Net assets released from donor restrictions	<u>(218,910)</u>
Increase in net assets with donor restrictions	<u>21,090</u>

**Increase in Net Assets**

37,371

**Net Assets, Beginning of Year**

232,151

**Net Assets, End of Year**

\$ 269,522

*See accompanying notes to the financial statements.*

**LEADERS IN TRAINING**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JULY 31, 2023**

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	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Employee benefits	\$ 9,949	\$ 1,895	\$ -	\$ 11,844
Insurance	6,700	1,276	-	7,976
Office expense and other	26,993	5,141	-	32,134
Professional services	1,680	320	-	2,000
Program expenses	141,335	-	-	141,335
Salaries and related expenses	204,647	38,980	-	243,627
	<u>\$ 391,304</u>	<u>\$ 47,612</u>	<u>\$ -</u>	<u>\$ 438,916</u>

*See accompanying notes to the financial statements.*

**LEADERS IN TRAINING  
STATEMENT OF CASH FLOWS  
YEAR ENDED JULY 31, 2023**

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**Cash Flows from Operating Activities**

Increase in net assets	\$	37,371
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized (gain) loss on investments		(11,404)
Changes in operating assets and liabilities:		
Increase (decrease) in accrued expenses		<u>(2,636)</u>
Net cash provided by operating activities		<u>23,331</u>

**Cash Flows from Investing Activities**

Purchase of investments		<u>(8,115)</u>
Net cash used in investing activities		<u>(8,115)</u>

**Net Change in Cash and Cash Equivalents** 15,216

<b>Cash and Cash Equivalents, Beginning of Year</b>		<u>137,792</u>
<b>Cash and Cash Equivalents, End of Year</b>	\$	<u><u>153,008</u></u>

*See accompanying notes to the financial statements.*

**LEADERS IN TRAINING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JULY 31, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of Leaders in Training (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of Organization**

The Organization empowers social justice leaders who will be the change from the community, for the community. Students start as high school freshman and become life-long alumni who commit to using their success and education to give back to their home community as social justice leaders. The Organization is a college access and community empowerment 501(c)(3) non-profit organization that is an after-school program that supports students in a four-year high school program, four-year college persistence program, and robust alumni program. The Organization was formally incorporated in August 2012. The Organization receives funding primarily from contributions and monies raised from special events and various grants.

**Basis of Presentation**

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally Account Standards Codification (“ASC”) 958, *Not-for-Profit-Entities*. Under ASC 958 (as amended by Accounting Standards Update (“ASU”) 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

**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 judgments that affect the reported amounts of assets, liabilities, revenues, and expenses. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

**LEADERS IN TRAINING**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JULY 31, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments in equity securities with readily determinable fair values are carried at fair value based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the accompanying statement of activities.

**Revenue Recognition**

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributions may be considered conditional or unconditional. A conditional contribution exists if both a) one or more barriers exist and b) the right to return to the contributor for assets transferred (or a right of release of the promisor from its obligation) depends on overcoming the state barriers before a recipient is entitled to the assets transferred or promised. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Unconditional contributions are recognized when received or the right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. For the year ending July 31, 2023, all exchange grant revenue was recognized at a point-in-time, when services were performed.

Program revenue is made up of scholarship revenues and is recognized at a point-in-time when services are performed and payment becomes receivable upon distribution of the scholarship.

Merchandise sales are related to clothing and accessory sales and net proceeds are used to fund programs within the Organization. The performance obligation is satisfied when a transfer of goods has taken place. Revenue is recognized at a point-in-time when sales occur.

**Allocation Methodology**

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort.

**Advertising**

Advertising costs are expensed as incurred.

**LEADERS IN TRAINING**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JULY 31, 2023**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes**

In August 2012, the Organization received notification from the Internal Revenue Service that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Organization is no longer subject to potential income tax examinations by tax authorities for years for which the statute of limitations has expired.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

As of July 31, 2023 the Organization had \$263,051 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$131,918 of cash and cash equivalents and \$131,133 of investments. Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 3 – FAIR VALUE MEASUREMENTS**

The Organization measures certain financial assets and liabilities at fair value on a recurring basis, and certain non-financial assets and liabilities on a nonrecurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2 – inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

**LEADERS IN TRAINING**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
**JULY 31, 2023**

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**NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)**

Fair values of assets measured as of July 31, 2023, were as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>Recurring fair value measurements:</u>				
Mutual funds	<u>\$ 131,133</u>	<u>\$ 131,133</u>	<u>\$ -</u>	<u>\$ -</u>

The Board of Directors reviews and approves the Organization’s fair value measurement policies and procedures on an as-needed basis. The Board determines if the valuation techniques used in fair value measurements are still appropriate. The policies, procedures, and valuation techniques used in fair value measurements have remained unchanged for the year ended July 31, 2023.

**NOTE 4 –NET ASSETS WITH DONOR RESTRICTIONS**

The Organization has received restricted funds in support of various programs. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the passage of time or other events specified by donors.

As of July 31, 2023, net assets with donor restrictions were held for educational program support in the amount of \$21,090. Net assets with donor restrictions consist of cash and cash equivalents.

**NOTE 5 – SUBSEQUENT EVENTS**

Management of the Organization has evaluated subsequent events through January 13, 2025, the date on which the financial statements were available to be issued. No events were identified that would require disclosure.