



Alliance for Excellence in Jewish Leadership

***FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017***



Connected
to your business
goals
success

LEADING EDGE ALLIANCE, INC.

*FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017
TABLE OF CONTENTS*

Independent Auditors' Report.....	1
Audited Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Leading Edge Alliance, Inc.
85 Broad Street
New York, New York 10004

We have audited the accompanying financial statements of Leading Edge Alliance, Inc. (hereinafter "LEA," a not-for-profit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 LEA'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 LEA'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 LEA as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Cerini & Associates LLP

Bohemia, New York
July 5, 2018

LEADING EDGE ALLIANCE, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS	
Current Assets:	
Cash (Note 4).....	\$ 1,158,077
Current portion of grants and pledges receivable (Notes 2, 3, and 4).....	1,120,500
Prepaid expenses.....	<u>22,125</u>
TOTAL CURRENT ASSETS	2,300,702
Grants and pledges receivable, net of current portion and present value discount (Notes 2, 3, and 4).....	3,098,765
Security deposits.....	<u>5,520</u>
TOTAL ASSETS	<u>\$ 5,404,987</u>
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable and accrued expenses.....	<u>\$ 74,057</u>
TOTAL LIABILITIES	74,057
Commitments and contingencies (Notes 2, 3, 4, 5, 6, and 7)	
Net Assets (Note 5):	
Unrestricted.....	480,930
Temporarily restricted (Note 3).....	<u>4,850,000</u>
TOTAL NET ASSETS	<u>5,330,930</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,404,987</u>

LEADING EDGE ALLIANCE, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

SUPPORT AND REVENUE:	Unrestricted	Temporarily Restricted	Total
Foundation grants, net of present value discount (Notes 2, 3, and 4).....	\$ 385,765	\$ 5,185,360	\$ 5,571,125
Contributions (Note 4).....	50,000	-	50,000
Program service revenue.....	70,325	-	70,325
Net assets released from restrictions (Note 3).....	885,360	(885,360)	-
TOTAL SUPPORT AND REVENUE	1,391,450	4,300,000	5,691,450
EXPENSES:			
Program services.....	1,071,746	-	1,071,746
Management and general.....	265,760	-	265,760
Fundraising.....	135,066	-	135,066
TOTAL EXPENSES	1,472,572	-	1,472,572
CHANGE IN NET ASSETS	(81,122)	4,300,000	4,218,878
Net assets, beginning of year.....	562,052	550,000	1,112,052
Net assets, end of year.....	<u>\$ 480,930</u>	<u>\$ 4,850,000</u>	<u>\$ 5,330,930</u>

LEADING EDGE ALLIANCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries (Notes 7 and 8).....	\$ 148,717	\$ 129,710	\$ 81,113	\$ 359,540
Payroll taxes and fringe benefits (Note 6).....	26,012	22,688	14,187	62,887
Management - board meetings.....	-	14,958	-	14,958
Consultants.....	23,661	-	2,629	26,290
Legal and accounting.....	-	52,353	-	52,353
Marketing and communications.....	15,828	15,827	-	31,655
Office expenses and office supplies.....	2,642	2,642	2,642	7,926
Technology.....	2,636	2,636	2,636	7,908
Office space.....	9,179	9,179	9,179	27,537
Travel - conferences/meetings - meals.....	18,991	-	18,991	37,982
Professional development.....	11,628	11,627	-	23,255
Insurance.....	-	451	-	451
Miscellaneous.....	4,013	3,689	3,689	11,391
CEO onboarding.....	495,086	-	-	495,086
CEO alumni.....	15,656	-	-	15,656
Lay Leadership Initiative.....	49,057	-	-	49,057
Leading Places to Work.....	248,640	-	-	248,640
Totals	<u>\$ 1,071,746</u>	<u>\$ 265,760</u>	<u>\$ 135,066</u>	<u>\$ 1,472,572</u>

LEADING EDGE ALLIANCE, INC.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ 4,218,878
<u>Adjustment to reconcile change in net assets to net cash provided by operating activities:</u>	
Discounts on grants and pledges receivable	76,235
<u>Changes in operating assets and liabilities:</u>	
Grants and pledges receivable.....	(4,270,500)
Prepaid expenses.....	74,018
Security deposits.....	(5,520)
Accounts payable and accrued expenses.....	42,057
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	135,168
	<hr/>
INCREASE IN CASH AND CASH EQUIVALENTS	135,168
Cash and cash equivalents, beginning of year.....	<hr/> 1,022,909
Cash and cash equivalents, end of year.....	<hr/> <hr/> \$ 1,158,077

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Leading Edge Alliance, Inc. (hereinafter, the "LEA") is presented to assist in understanding LEA's financial statements. The financial statements and notes are representations of LEA's management, who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") and have been consistently applied in the preparation of the financial statements.

Organization: Founded in 2016, LEA's mission is to increase the flow of high-quality talent to senior leadership positions at Jewish nonprofit organizations.

To work towards its mission, LEA strives to create a Jewish nonprofit sector with an abundance of high-quality leaders primed for senior positions, and Jewish organizations that are great places to work, with the best practices, policies, and procedures that attract, develop, and retain top professional and volunteer leadership and talent at all levels.

Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

Income Tax Status: LEA is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is publicly supported as described in section 509(a). Donors may deduct contributions made to LEA within the requirements of the Internal Revenue Code. LEA has evaluated its activities for uncertain tax positions and has determined that there were no uncertain tax positions as of December 31, 2017. LEA files the IRS Form 990 and respective state tax returns. These returns are subject to review and examination by federal and state taxing authorities. LEA has determined that it has registered in all states where it is required to be registered.

Basis of Presentation: LEA is required to report information regarding its financial position and activities according to three classes of net assets, as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations or other stipulations that may or will be met, either by action of LEA and/or the passage of time. Temporarily restricted net assets are reclassified annually to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to stipulations that they be permanently maintained.

Cash and Cash Equivalents: For the purposes of the statements of cash flows and financial position, LEA considers financial instruments with a maturity of three months or less to be cash equivalents.

Functional Expenses: Functional expenses for shared costs have been allocated between program services and support services based on an analysis of personnel time and other equitable bases for the related activities.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Receivable: LEA records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year. Unconditional promises to give that are expected to be collected in future years are recorded at fair value based on market conditions using the income approach. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of December 31, 2017, management considered all receivables to be fully collectable and as such, no allowance for doubtful accounts has been provided for.

Revenue Recognition: Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. It is LEA's policy to treat donor restricted funds received and expended in the same year as unrestricted.

Program service revenue is recognized based on the nature of the underlying program, principally as applicable services are provided.

Advertising: LEA charges advertising cost to expense as incurred. Such costs amounted to \$31,655 for the year ended December 31, 2017.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Events Occurring After the Report Date: The Organization has evaluated events and transactions that occurred between January 1, 2018 and July 5, 2018, which is the date that the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 2 - GRANTS AND PLEDGES RECEIVABLE

Grants and pledges receivable include unconditional promises to give that are due within one to three years. Promises to give to be received after one year are discounted using management's discretion. At December 31, 2017 management determined that risk-adjusted rates ranging from 1.45% to 2.02% were appropriate for discounting.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 2 - GRANTS AND PLEDGES RECEIVABLE (continued)

At December 31, 2017, LEA had outstanding grants and pledges receivable scheduled for payment as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Current portion.....	\$ 120,500	\$ 1,000,000	\$ 1,120,500
Non-current portion:			
2019	-	1,575,000	1,575,000
2020	-	1,600,000	1,600,000
Less: discount to net present value	-	(76,235)	(76,235)
Total non-current portion.....	-	3,098,765	3,098,765
Total grants and pledges receivable.....	<u>\$ 120,500</u>	<u>\$ 4,098,765</u>	<u>\$ 4,219,265</u>

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

LEA receives contributions and grants that are restricted for use in specific programs and causes aligned with LEA's mission. As outlined in Note 1, it is LEA's policy to treat funds received and expended in the same year as unrestricted. During the year ended December 31, 2017, LEA received and expended \$244,000 of such funds, which are included in unrestricted foundation grants. Net assets from foundation grants were restricted for the following purposes at December 31, 2017:

Time restricted for operations and general purpose.....	\$ 4,500,000
CEO Onboarding.....	350,000
Total	<u>\$ 4,850,000</u>

NOTE 4 - CONCENTRATION OF RISK

Financial instruments that potentially subject LEA to significant concentrations of credit risk consist principally of cash and cash equivalents and receivables. At times cash balances held at financial institutions may be in excess of federally insured limits.

Two donors represented approximately 70% and 23% of pledges receivable, as of December 31, 2017.

NOTE 5 - OPERATIONS

During the year ended December 31, 2017, LEA received multi-year commitments to benefit future years including two two-year grants and one three-year grant. Per U.S. GAAP revenue recognition requirements, the gifts are considered income in the years that the commitments were made, categorized as restricted net assets, and then released from restriction for the year the funds are intended to support. As of December 31, 2017, net assets were \$4,850,000 due to the planned spending of these multi-year grants.

NOTE 6 - RETIREMENT PLAN

LEA sponsors a defined contribution retirement plan. LEA matches retirement savings dollar-for-dollar, up to 4% of the employee's annual salary. This benefit is provided beginning the first day of employment. Retirement plan contributions for the year ended December 31, 2017 was \$8,984.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE 7 - COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2017, LEA entered into a compensation agreement with a key member of management, which is set to expire on September 30, 2020.

Minimum payments under this compensation agreement are as follows for the years ending December 31,:

2018.....	\$	218,250
2019.....		231,750
2020.....		182,250
Total.....	\$	<u>632,250</u>

In addition, the employee is entitled to 100% of the cost of any related health benefits for the employee and her spouse.

NOTE 8 - LEASED EMPLOYEES

LEA has a year-to-year contract with TriNet, Inc. a professional employer organization for leased employees. TriNet, Inc. provides comprehensive human resource services to LEA and is responsible for personnel, administrative, and benefits management functions, as well as payroll processing. Since TriNet, Inc. is the employer of record for all employees assigned to LEA, employees are included in the TriNet quarterly Internal Revenue Service Form 941, respective state filings, as well as workers' compensation.