

**JUSTLEADERSHIPUSA, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
JustLeadershipUSA, Inc.  
New York, New York

### ***Opinion***

We have audited the financial statements of JustLeadershipUSA, Inc., which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JustLeadershipUSA, Inc. as of June 30, 2024 and 2023, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 JustLeadershipUSA, Inc. 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 JustLeadershipUSA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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 GAAS 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.

In performing an audit in accordance with GAAS, 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 JustLeadershipUSA, Inc.'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 JustLeadershipUSA, Inc.'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.



Wegner CPAs, LLP  
New York, New York  
March 3, 2025

**JUSTLEADERSHIPUSA, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
June 30, 2024 and 2023

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,964,536	\$ 6,312,171
Investments	3,057,395	-
Unconditional promises to give	1,828,474	2,039,390
Accounts receivable	11,853	35,000
Security deposits	57,743	54,715
Prepaid expenses	17,700	6,411
Property and equipment, net	1,504,742	1,572,989
Operating lease right-of-use asset	422,289	566,611
<b>Total assets</b>	<b>\$ 10,864,732</b>	<b>\$ 10,587,287</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 107,961	\$ 178,381
Security deposit	3,500	-
Deferred revenue	8,285	-
Accrued expenses	84,063	151,807
Operating lease liability	463,741	616,116
<b>Total liabilities</b>	<b>667,550</b>	<b>946,304</b>
<b>NET ASSETS</b>		
Without donor restrictions	6,407,705	6,314,704
With donor restrictions	3,789,477	3,326,279
<b>Total net assets</b>	<b>10,197,182</b>	<b>9,640,983</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,864,732</b>	<b>\$ 10,587,287</b>

See accompanying notes.

**JUSTLEADERSHIPUSA, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
General contributions	\$ 616,123	\$ 3,820,759	\$ 4,436,882
Pass-through government grants	205,890	-	205,890
Donated services	249,230	-	249,230
Rental income	15,750	-	15,750
Training revenue	20,000	-	20,000
Investment income, net	107,395	-	107,395
Other income	22,104	-	22,104
<b>Total revenues</b>	<b>1,236,492</b>	<b>3,820,759</b>	<b>5,057,251</b>
<b>EXPENSES</b>			
Program services			
Leadership	1,522,020	-	1,522,020
Leadership in Action	1,103,150	-	1,103,150
Sustainability Project	403,175	-	403,175
<b>Total program services</b>	<b>3,028,345</b>	<b>-</b>	<b>3,028,345</b>
Supporting activities			
Management and general	1,146,978	-	1,146,978
Fundraising	325,729	-	325,729
<b>Total expenses</b>	<b>4,501,052</b>	<b>-</b>	<b>4,501,052</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
<b>RESTRICTIONS</b>			
Expiration of time restrictions	1,610,000	(1,610,000)	-
Satisfaction of purpose restrictions	1,747,561	(1,747,561)	-
<b>Change in net assets</b>	<b>93,001</b>	<b>463,198</b>	<b>556,199</b>
Net assets at beginning of year	6,314,704	3,326,279	9,640,983
<b>Net assets at end of year</b>	<b>\$ 6,407,705</b>	<b>\$ 3,789,477</b>	<b>\$ 10,197,182</b>

See accompanying notes.

**JUSTLEADERSHIPUSA, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>			
General contributions	\$ 1,863,289	\$ 3,408,903	\$ 5,272,192
Pass-through government grants	162,118	-	162,118
Special events	51,316	-	51,316
Less cost of direct benefits to donors	(68,800)	-	(68,800)
Donated services	162,839	-	162,839
Rental income	51,993	-	51,993
Training revenue	35,000	-	35,000
Other income	14,855	-	14,855
<b>Total revenues</b>	<b>2,272,610</b>	<b>3,408,903</b>	<b>5,681,513</b>
<b>EXPENSES</b>			
Program services			
Leadership	1,068,236	-	1,068,236
Leadership in Action	1,378,818	-	1,378,818
Sustainability Project	377,919	-	377,919
<b>Total program services</b>	<b>2,824,973</b>	<b>-</b>	<b>2,824,973</b>
Supporting activities			
Management and general	1,069,482	-	1,069,482
Fundraising	321,811	-	321,811
<b>Total expenses</b>	<b>4,216,266</b>	<b>-</b>	<b>4,216,266</b>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
<b>RESTRICTIONS</b>			
Expiration of time restrictions	1,225,000	(1,225,000)	-
Satisfaction of purpose restrictions	1,639,636	(1,639,636)	-
<b>Change in net assets</b>	<b>920,980</b>	<b>544,267</b>	<b>1,465,247</b>
Net assets at beginning of year	5,393,724	2,782,012	8,175,736
<b>Net assets at end of year</b>	<b>\$ 6,314,704</b>	<b>\$ 3,326,279</b>	<b>\$ 9,640,983</b>

See accompanying notes.

**JUSTLEADERSHIPUSA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2024

	Program Services			Supporting Activities		Total Expenses	
	Leadership	Leadership in Action	Sustainability Projects	Total Program Services	Management and General		Fundraising
Salaries	\$ 799,425	\$ 556,684	\$ 183,921	\$ 1,540,030	\$ 292,843	\$ 215,818	\$ 2,048,691
Payroll taxes and employee benefits	190,126	132,395	43,742	366,263	69,646	51,328	487,237
<b>Total personnel costs</b>	<b>989,551</b>	<b>689,079</b>	<b>227,663</b>	<b>1,906,293</b>	<b>362,489</b>	<b>267,146</b>	<b>2,535,928</b>
Consultants and other professional fees	160,925	180,663	37,724	379,312	322,493	653	702,458
Conferences, conventions and meetings	155,950	98,336	63,051	317,337	7,579	67	324,983
Donated services	43,919	18,397	48,303	110,619	137,479	1,132	249,230
Occupancy	40,097	45,709	6,535	92,341	94,387	46,389	233,117
Office supplies and expenses	48,000	5,061	7,864	60,925	77,712	3,811	142,448
Travel	54,449	29,514	8,690	92,653	11,635	103	104,391
Depreciation and amortization	-	-	-	-	68,247	-	68,247
Miscellaneous	1,095	2,645	-	3,740	58,702	2,403	64,845
Insurance	14,540	10,125	3,345	28,010	5,327	3,925	37,262
Grants to others	12,000	23,600	-	35,600	-	-	35,600
Advertising	1,494	21	-	1,515	928	100	2,543
<b>Total expenses</b>	<b>\$ 1,522,020</b>	<b>\$ 1,103,150</b>	<b>\$ 403,175</b>	<b>\$ 3,028,345</b>	<b>\$ 1,146,978</b>	<b>\$ 325,729</b>	<b>\$ 4,501,052</b>

See accompanying notes.



**JUSTLEADERSHIPUSA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2023

	Program Services				Supporting Activities		Cost of Direct Benefits to Donors	Total Expenses
	Leadership	Leadership in Action	Sustainability Projects	Total Program Services	Management and General	Fundraising		
Salaries	\$ 648,117	\$ 570,901	\$ 108,473	\$ 1,327,491	\$ 203,491	\$ 177,330	\$ -	\$ 1,708,312
Payroll taxes and employee benefits	141,380	124,536	23,662	289,578	44,389	38,683	-	372,650
<b>Total personnel costs</b>	<b>789,497</b>	<b>695,437</b>	<b>132,135</b>	<b>1,617,069</b>	<b>247,880</b>	<b>216,013</b>	<b>-</b>	<b>2,080,962</b>
Consultants and other professional fees	98,218	334,976	138,253	571,447	313,821	21,045	1,000	907,313
Conferences, conventions and meetings	67,431	165,891	28,773	262,095	25,358	11,410	62,394	361,257
Donated services	7,528	7,528	55,024	70,080	91,484	-	-	161,564
Occupancy	27,902	23,480	-	51,382	136,703	23,050	-	211,135
Office supplies and expenses	43,095	12,154	8,391	63,640	73,681	33,314	4,704	175,339
Travel	17,911	76,076	12,419	106,406	31,642	9,508	702	148,258
Depreciation and amortization	-	-	-	-	77,929	-	-	77,929
Miscellaneous	-	1,500	1,207	2,707	51,171	4,615	-	58,493
Insurance	10,257	9,035	1,717	21,009	3,221	2,806	-	27,036
Grants to others	-	43,650	-	43,650	-	-	-	43,650
Advertising	6,397	9,091	-	15,488	342	50	-	15,880
Bad debt	-	-	-	-	16,250	-	-	16,250
<b>Total expenses</b>	<b>1,068,236</b>	<b>1,378,818</b>	<b>377,919</b>	<b>2,824,973</b>	<b>1,069,482</b>	<b>321,811</b>	<b>68,800</b>	<b>4,285,066</b>
Less cost of direct benefits to donors included with revenue on the consolidated statement of activities	-	-	-	-	-	-	(68,800)	(68,800)
<b>Total expenses included in the expenses section of the consolidated statement of activities</b>	<b>\$ 1,068,236</b>	<b>\$ 1,378,818</b>	<b>\$ 377,919</b>	<b>\$ 2,824,973</b>	<b>\$ 1,069,482</b>	<b>\$ 321,811</b>	<b>\$ -</b>	<b>\$ 4,216,266</b>

See accompanying notes.

**JUSTLEADERSHIPUSA, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 556,199	\$ 1,465,247
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	68,247	77,929
Amortization of operating lease right-of-use asset	144,322	140,093
Amortization of discount on unconditional promises to give	2,156	19,904
Bad debt expense	-	16,250
(Increase) decrease in assets		
Unconditional promises to give	208,760	68,645
Accounts receivable	23,147	(51,250)
Security deposits	(3,028)	-
Prepaid expenses	(11,289)	51,059
Increase (decrease) in liabilities		
Accounts payable	(70,420)	68,629
Security deposit	3,500	-
Deferred revenue	8,285	-
Accrued expenses	(67,744)	98,736
Operating lease liability	(152,375)	(143,265)
<b>Net cash flows from operating activities</b>	<b>709,760</b>	<b>1,811,977</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(2,950,000)	-
Interest and dividends retained in investments	(107,395)	-
Purchases of property and equipment	-	(1,600,002)
<b>Net cash flows from investing activities</b>	<b>(3,057,395)</b>	<b>(1,600,002)</b>
<b>Net change in cash and cash equivalents</b>	<b>(2,347,635)</b>	<b>211,975</b>
Cash and cash equivalents at beginning of year	6,312,171	6,100,196
<b>Cash and cash equivalents at end of year</b>	<b>\$ 3,964,536</b>	<b>\$ 6,312,171</b>

See accompanying notes.

**JUSTLEADERSHIPUSA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

JustLeadershipUSA, Inc. (JLUSA) is a non-profit organization whose mission is to amplify the power of people who have been directly impacted by the criminal legal system to self-organize and empower their communities to dismantle racist and oppressive systems in their communities to build a just U.S. JLUSA furthers this effort by investing in their alumni network, providing leadership training, and supporting projects focused on community sustainability. JLUSA is supported primarily through contributions and pass-through government grants, and also through donated services, rental income, and training income.

**Cash Equivalents**

For purposes of the consolidated statement of cash flows, JLUSA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments**

The Organization reports investments in equity securities with readily determinable fair values at their fair values in the consolidated statement of financial position. At June 30, 2024, all investments consist of mutual funds. Fair values of mutual funds are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by JLUSA are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds held by JLUSA are considered to be actively traded.

**Promises to Give**

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due dates.

**Property and Equipment**

All acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

**JUSTLEADERSHIPUSA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Accounts Receivable**

Accounts receivable represent amounts that have been billed under contracts for training provided by JLUSA. JLUSA uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant. Accounts receivable at June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Beginning of year	\$ 35,000	\$ 170,499
End of year	11,853	35,000

**General Contributions**

Contributions are reported as increases in net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restrictions.

**Pass-Through Government Grants**

JLUSA receives grants from subawards of government funding that are conditioned upon JLUSA incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by JLUSA, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions. Government grants are subject to audit by the granting agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

**Donated Services**

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Rental Income**

Rental income is generated by JLUSA renting a condominium owned by JLUSA-BRADHURST9L, LLC. Revenue is recognized over the period of the lease term.

**JUSTLEADERSHIPUSA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Training Revenue**

Training revenue is generated by JLUSA providing training to other organizations as part of programmatic efforts, and are recognized at a point in time when the training is performed. Contracts are generally a fixed fee and paid subsequent to performance of the training. Payments received in advance are deferred to the applicable period in which the related services are performed.

**Income Tax Status**

JLUSA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Leases**

JLUSA does not recognize short-term leases in the consolidated statement of financial position. For these leases, JLUSA recognizes the lease payments in the change of net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. JLUSA also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, JLUSA uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

**Principles of Consolidation**

The consolidated financial statements include the accounts of JLUSA and JLUSA-BRADHURST9L, LLC (the LLC), a limited liability company incorporated in the State of New York in 2022. The LLC was established to hold property as JLUSA deems necessary. JLUSA and the LLC are consolidated since JLUSA is the sole member of the LLC. All material intra-entity transactions have been eliminated.

**JUSTLEADERSHIPUSA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

*Leadership* – JLUSA provides leadership programs for individuals that have traditionally been excluded from power and want opportunities to be active change agents in dismantling systemic oppression:

1. Emerging Leaders (EL) is an intensive community-focused two-day training program specifically designed to expand emerging directly impacted leaders' knowledge, skills, and resources to identify, organize, and advocate for change they seek in their community.
2. Leading With Conviction (LWC) is a 12-month, cohort-based advanced leadership training, coaching, and mentoring program for directly impacted individuals who are already engaged in transformative change designed to embrace leaders' individualized leadership challenges and strengths, and sharpen their leadership behaviors. JLUSA is a partner organization in the Bard Microcollege for Just Community Leadership, the first tuition-free college dedicated to advocacy, arts, and sciences.

*Leadership in Action* – An activation of and investment in JLUSA's 1,400+ alumni network across 45 states plus D.C. to drive policy reform and community reinvestment strategies nationwide through multichannel advocacy campaigns designed to reduce the impact of oppressive policies in the U.S. correctional population, ensure health and safety inside facilities, and upon return to communities, protect the voting rights of and engage new re-enfranchised voters.

*Sustainability Projects* – Projects focused on expanding the capacity and effectiveness of organizations to support long-term community sustainability and development toward a de-carceral state by providing professional skills building, technical assistance, and subaward management support.

*Management and General* – Includes the activities necessary to ensure proper governance by the board of directors, execution of the financial and budgetary responsibilities of JLUSA, human resources and other legal compliance, and performance of other indirect administrative functions.

*Fundraising* – Provides the structure necessary to encourage and secure private financial support from individuals, foundations, corporations, and others.

**Date of Management's Review**

Management has evaluated subsequent events through March 3, 2025, the date which the financial statements were available to be issued.

**JUSTLEADERSHIPUSA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

**NOTE 2 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give at the end of the year are as follows:

	2024	2023
Receivable in less than one year	\$ 1,381,031	\$ 2,021,546
Receivable in one to five years	500,000	20,000
Discounts to net present value	(52,557)	(2,156)
Net unconditional promises to give	\$ 1,828,474	\$ 2,039,390

Unconditional promises to give receivable in more than one year are discounted at rates ranging from 5.71% to 5.87%.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	2024	2023
Rental property	\$ 1,600,002	\$ 1,600,002
Furniture and fixtures	105,251	105,251
Leasehold improvements	37,813	37,813
Accumulated depreciation and amortization	(238,324)	(170,077)
Property and equipment, net	\$ 1,504,742	\$ 1,572,989

**NOTE 4 – CONCENTRATIONS**

**Credit Risk**

JLUSA maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2024 and 2023, JLUSA's uninsured cash balances total approximately \$3,706,000 and \$6,018,000, respectively.

**Major Grantors or Contributors**

For the year ended June 30, 2023, all pass-through government grants came from one grantor.

For the year ended June 30, 2024, contributions from two donors accounted for approximately 77% of total general contributions. For the year ended June 30, 2023, contributions from one donor accounted for approximately 38% of total general contributions.

**JUSTLEADERSHIPUSA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024 and 2023

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes and periods:

	2024	2023
Building leadership capacity subawards	\$ 991,388	\$ -
C-Suite training program	883,907	227,788
Emerging Leaders Chicago	283,005	408,296
Community programs sustainability	223,079	471,782
JustUs Coordinating Council	209,326	324,301
Addiction Policy Forum	20,000	-
Leadership & Training	18,829	-
Staff development	7,500	10,010
Internal infrastructure	5,000	-
Safety & Justice Challenge	-	75,399
Leading with Conviction program	-	70,424
Emerging leaders Midwest	-	55,869
Emerging leaders Ohio	-	38,839
Town halls	-	36,071
Amplifying voices through communication	-	7,500
Future periods	1,147,443	1,600,000
	\$ 3,789,477	\$ 3,326,279

**NOTE 6 – CONDITIONAL GRANTS**

JLUSA has several grants that are conditioned upon JLUSA incurring qualifying expenses under the grant programs. At June 30, 2024 and 2023, these conditional grants totaled approximately \$508,000 and \$99,000, respectively. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

**NOTE 7 – PAYCHECK PROTECTION PROGRAM LOANS**

JLUSA received loans totaling \$1,459,494 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). In 2021, the SBA preliminarily approved partial forgiveness of \$915,152 of JLUSA's first draw loan and full forgiveness of JLUSA's second draw loan of \$535,632. JLUSA must retain PPP documentation in its files for six years after the date the loans are forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review JLUSA's good-faith certification concerning the necessity of the loan requests, whether JLUSA calculated the loan amounts correctly, whether JLUSA used loan proceeds for the allowable uses specified in the CARES Act, and whether JLUSA is entitled to forgiveness in the amount claimed on its applications. If SBA determines JLUSA was ineligible for the loans or for forgiveness in whole or in part, SBA will seek repayment.



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NOTE 8 – RETIREMENT PLAN

JLUSA sponsors a defined contribution plan covering all employees. JLUSA matches participants' contributions to the plan up to 4% of the individual participant's compensation. Plan expenses for the years ended June 30, 2024 and 2023 totaled approximately \$48,000 and \$36,000, respectively.

NOTE 9 – LIQUIDITY AND AVAILABILITY

The following table reflects JLUSA's financial assets as of the date of the consolidated statement of financial position, reduced by amounts not available for general expenditures within one year of the date of the consolidated statement of financial position because of donor-imposed restrictions:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 3,964,536	\$ 6,312,171
Investments	3,057,395	-
Unconditional promises to give	1,828,474	2,039,390
Accounts receivable	<u>11,853</u>	<u>35,000</u>
Financial assets at year-end	8,862,258	8,386,561
Less those unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	<u>(3,089,477)</u>	<u>(1,744,123)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,772,781</u>	<u>\$ 6,642,438</u>

As part of JLUSA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 – DONATED SERVICES

Donated services recognized within the consolidated statements of activities include professional services from attorneys who advise JLUSA on a variety of programmatic and administrative legal matters. These services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services. Services received during the years ended June 30, 2024 and 2023 did not have donor-imposed restrictions.

NOTE 11 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2024, JLUSA received \$15,750 in rental income from the leasing of a condominium owned by JLUSA-BRADHURST9L, LLC to the CEO of JLUSA.

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NOTE 12 – LEASES

JLUSA leases office space under an operating lease that expires December 31, 2027, as well as storage space under various short term leases.

The components of total lease cost are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 193,613	\$ 189,799
Short-term lease cost	<u>39,504</u>	<u>21,336</u>
Total lease cost	<u><u>233,117</u></u>	<u><u>211,135</u></u>

Other information related to the leases are as follows:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liability operating cash flows from operating leases	\$ 167,647	\$ 162,765
Weighted-average remaining lease term		
Operating leases	2.82 years	3.82 years
Weighted-average discount rate		
Operating leases	2.86%	2.86%

The maturities of the operating leases for the years ended June 30 are as follows:

Year ended June 30:	
2025	\$ 172,671
2026	177,853
2027	97,064
2028	<u>35,106</u>
Total minimum lease payments	482,694
Imputed interest	<u>(18,953)</u>
Total operating lease liability	<u><u>\$ 463,741</u></u>

NOTE 13 – CONTINGENCY

JLUSA has been made aware of legal claims against the organization. As of the audit report date, it is not possible to determine whether there is a loss potential. Management expects any potential losses to be fully covered by its insurance provider.