

LEADERSHIP ROUNDTABLE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021



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LEADERSHIP ROUNDTABLE, INC.

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Independent Auditors' Report

Board of Directors
Leadership Roundtable, Inc.
Washington, D.C.

Opinion

We have audited the financial statements of Leadership Roundtable, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, 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 Leadership Roundtable, Inc. as of December 31, 2022 and 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leadership Roundtable, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Leadership Roundtable Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Leadership Roundtable’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 Leadership Roundtable’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.



Fairfax, Virginia
March 21, 2023

LEADERSHIP ROUNDTABLE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS		2022	2021
CURRENT ASSETS			
Cash and cash equivalents		\$ 798,436	\$ 1,734,449
Accounts and contributions receivable		112,434	78,422
Grants receivable, current portion		415,700	135,000
Pledges receivable, current portion		500,000	-
Prepaid expenses		22,657	46,808
Total Current Assets		\$ 1,849,227	\$ 1,994,679
OTHER ASSETS			
Grants receivable, net of current portion		\$ -	\$ 50,000
Pledges receivable, net of current portion and discount		1,115,059	-
Operating lease - right of use asset		17,216	-
Deposits		622	-
Total Other Assets		\$ 1,132,897	\$ 50,000
PROPERTY AND EQUIPMENT, at cost			
Furniture and fixtures		\$ 5,555	\$ 5,555
Computer equipment		34,648	27,018
Total Property and Equipment		\$ 40,203	\$ 32,573
Less, Accumulated depreciation		(26,543)	(22,225)
Property and Equipment, Net		\$ 13,660	\$ 10,348
TOTAL ASSETS		\$ 2,995,784	\$ 2,055,027
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses		\$ 278,598	\$ 154,123
Operating lease - lease liability, current portion		6,581	-
Deferred revenue		63,631	93,880
Total Current Liabilities		\$ 348,810	\$ 248,003
NON - CURRENT LIABILITIES			
Operating lease - lease liability, net of current portion		\$ 10,775	\$ -
TOTAL LIABILITIES		\$ 359,585	\$ 248,003
NET ASSETS			
Without donor restrictions - deficit		\$ (133,737)	\$ 466,608
With donor restrictions		2,769,936	1,340,416
Total Net Assets		\$ 2,636,199	\$ 1,807,024
TOTAL LIABILITIES AND NET ASSETS		\$ 2,995,784	\$ 2,055,027

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

LEADERSHIP ROUNDTABLE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Grants, contributions and sponsorships	\$ 1,256,158	\$ 2,325,759	\$ 3,581,917
Program service revenue	719,148	-	719,148
Publication sales	2,051	-	2,051
Other income	103	-	103
Net assets released from restrictions:			
Satisfaction of program restrictions	896,239	(896,239)	-
Total Revenue	\$ 2,873,699	\$ 1,429,520	\$ 4,303,219
EXPENSES			
Program Services:			
Roundtable programs	\$ 2,774,866	\$ -	\$ 2,774,866
Total Program Services	\$ 2,774,866	\$ -	\$ 2,774,866
Supporting Services:			
General and administrative	\$ 247,308	\$ -	\$ 247,308
Fundraising	451,870	-	451,870
Total Supporting Services	\$ 699,178	\$ -	\$ 699,178
Total Expenses	\$ 3,474,044	\$ -	\$ 3,474,044
CHANGE IN NET ASSETS	\$ (600,345)	\$ 1,429,520	\$ 829,175
NET ASSETS, BEGINNING OF YEAR	466,608	1,340,416	1,807,024
NET ASSETS, END OF YEAR	\$ (133,737)	\$ 2,769,936	\$ 2,636,199

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

LEADERSHIP ROUNDTABLE, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Grants, contributions and sponsorships	\$ 991,531	\$ 1,300,599	\$ 2,292,130
Program service revenue	596,369	-	596,369
Paycheck Protection Program (PPP) funds	235,300	-	235,300
Publication sales	1,534	-	1,534
Other income	1,284	-	1,284
Net assets released from restrictions:			
Satisfaction of program restrictions	826,563	(826,563)	-
Total Revenue	\$ 2,652,581	\$ 474,036	\$ 3,126,617
EXPENSES			
Program Services:			
Roundtable programs	\$ 2,250,548	\$ -	\$ 2,250,548
Total Program Services	\$ 2,250,548	\$ -	\$ 2,250,548
Supporting Services:			
General and administrative	\$ 287,795	\$ -	\$ 287,795
Fundraising	349,150	-	349,150
Total Supporting Services	\$ 636,945	\$ -	\$ 636,945
Total Expenses	\$ 2,887,493	\$ -	\$ 2,887,493
CHANGE IN NET ASSETS	\$ (234,912)	\$ 474,036	\$ 239,124
NET ASSETS, BEGINNING OF YEAR	701,520	866,380	1,567,900
NET ASSETS, END OF YEAR	\$ 466,608	\$ 1,340,416	\$ 1,807,024

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

LEADERSHIP ROUNDTABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	Roundtable Programs	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries, benefits and taxes	\$ 1,978,440	\$ 154,032	\$ 289,325	\$ 2,421,797
Depreciation	-	4,318	-	4,318
Events	282,657	-	462	283,119
Information technology	78,019	4,259	15,130	97,408
Insurance	-	6,437	-	6,437
Marketing	2,323	99	-	2,422
Meals, travel and lodging	54,388	2,092	2,581	59,061
Miscellaneous	8,426	9,620	7,325	25,371
Photography	948	201	-	1,149
Postage/mailing	23,294	531	1,115	24,940
Printing/copying	8,066	358	-	8,424
Professional services	330,742	17,221	134,793	482,756
Rent	1,859	37,028	-	38,887
Supplies	1,603	6,814	631	9,048
Telephone/communications	4,101	4,298	508	8,907
Total Expenses	\$ 2,774,866	\$ 247,308	\$ 451,870	\$ 3,474,044

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

LEADERSHIP ROUNDTABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

	Roundtable Programs	Supporting Services		Total
		General and Administrative	Fundraising	
Salaries, benefits and taxes	\$ 1,800,578	\$ 174,558	\$ 259,030	\$ 2,234,166
Depreciation	-	3,327	-	3,327
Events	96,707	-	23,215	119,922
Information technology	12,719	9,148	14,191	36,058
Insurance	-	4,568	-	4,568
Marketing	1,590	872	-	2,462
Meals, travel and lodging	45,765	16,441	8,884	71,090
Miscellaneous	17,128	6,360	1,333	24,821
Photography	-	-	1,000	1,000
Postage/mailing	1,136	524	3,230	4,890
Printing/copying	4,068	1,255	-	5,323
Professional services	263,639	19,187	37,880	320,706
Rent	1,845	40,717	-	42,562
Supplies	1,083	8,039	261	9,383
Telephone/communications	4,290	2,799	126	7,215
Total Expenses	\$ 2,250,548	\$ 287,795	\$ 349,150	\$ 2,887,493

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

LEADERSHIP ROUNDTABLE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS - OPERATING ACTIVITIES		
Change in net assets	\$ 829,175	\$ 239,124
Adjustments to reconcile change in net assets to net cash flows - operating activities:		
Depreciation	4,318	3,327
Amortization of operating lease right of use asset	3,285	-
Discount for present value of pledges receivable	109,941	-
Realized and unrealized gain on investments	-	(1,093)
Donated investments received	(127,310)	(74,605)
Sales of donated investments	127,310	75,698
(Increase) Decrease In:		
Accounts receivable	(34,012)	5,644
Grants receivable	(230,700)	40,000
Pledges receivable	(1,725,000)	-
Prepaid expenses	24,151	(29,942)
Deposits	(622)	-
Increase (Decrease) In:		
Accounts payable and accrued expenses	124,475	46,404
Operating lease - lease liability	(3,145)	-
Deferred revenue	(30,249)	40,235
Net Cash Flows - Operating Activities	\$ (928,383)	\$ 344,792
CASH FLOWS - INVESTING ACTIVITIES		
Purchase of computer equipment	\$ (7,630)	\$ (7,168)
Net Cash Flows - Investing Activities	\$ (7,630)	\$ (7,168)
NET CHANGE IN CASH AND CASH EQUIVALENTS	\$ (936,013)	\$ 337,624
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,734,449	1,396,825
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 798,436	\$ 1,734,449
NON-CASH INVESTING AND FINANCING ACTIVITY		
Forgiveness of Payroll Protection Program loan	\$ -	\$ 428,500
Right of use assets obtained in exchange for lease liabilities	\$ 20,501	\$ -

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

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1. **Organization**

The Leadership Roundtable, Inc., formerly the National Leadership Roundtable on Church Management, (the Organization) is a nonprofit corporation established to engage in educational, religious, and charitable activities, including without limitation, to promote excellence and best practices in the management, finance, and human resources of the United States Catholic Church by utilizing relevant expertise of lay persons; and to engage in other charitable, religious, and educational activities.

The Organization began operations in 2005.

Note 2. **Summary of Significant Accounting Policies**

Basis of Presentation

Financial statement presentation adheres to the requirements of the Financial Accounting Standards Board (FASB) ASC 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets with donor restrictions include those net assets whose use by the organization has been restricted by donors for specified purposes or periods. The net assets without donor restrictions represent funds that are available for the support of the Organization's operations.

The financial statements are presented using the accrual method of accounting. Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets are transferred to the Organization. Expenses are reported when costs are incurred. Net assets represent the cumulative balance of the operations of the Organization from its inception.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit in a checking account and a money market account.

Accounts Receivable

Accounts receivable are stated at the amount the Organization expects to collect from outstanding balances. Management provides for probable uncollectable amounts through a provision for bad debt expense and an adjustment to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for doubtful accounts was recorded as of December 31, 2022, or 2021.

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable are recorded as revenue when the grant is received by the Organization and are recorded at their net realizable value. Long-term grants are discounted to their present value. Accounts past due over 90 days are analyzed for collectability, and when all collection efforts have been exhausted the account is written off to bad debt expense. Management estimates that all grants are fully collectable at year end. Therefore, no allowance for doubtful accounts has been recognized.

Fair Value Measurements

In accordance with accounting principles generally accepted in the United States of America ("GAAP"), the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

- Level 1 – Inputs to the valuation methodology are quoted in an active market or exchange for identical assets and liabilities.
- Level 2 – Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for assets and liabilities or other market corroborated inputs.
- Level 3 – Significant unobservable inputs based on the best information available in the circumstances to the extent observable inputs are not available, which may include assumptions made by the Board of Directors or persons acting at their direction that are used in determining the fair market value of the asset or liability.

The Organization's investment account is utilized to accept stock donations. The policy of the Organization is to sell the donations shortly after being received. Net realized gains and losses on the disposition of securities are included as increases or decreases in net assets.

The Organization's investment return was comprised of a realized gain in the amount of \$0 and \$1,093 for the years ended December 31, 2022, and 2021, respectively.

Property and Equipment

The Organization records its property and equipment at cost with a unit capitalization threshold of \$2,500. Depreciation of fixed assets is computed using the straight-line method, based on the estimated useful lives of 3-7 years or, in the case of leasehold improvements, over the lease term.

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. There was no unrelated business taxable income during the years ended December 31, 2022, or 2021.

The Organization files its information tax returns for Federal purposes. The Organization is not under audit by any income tax jurisdiction.

The Organization has determined that it currently does not have any uncertain tax positions. If this position changes, the Organization will assess the impact of any such matters on its statement of financial position and its results of operations.

Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions and grants received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and nature of donor restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as an increase in net assets with donor restrictions. When a donor 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 statement of activities as net assets released from restriction. If the restriction is fulfilled in the same time period in which the contribution is received, the Organization will report these amounts initially as an increase in net assets with donor restrictions and show their release to net assets without donor restrictions when the restrictions are satisfied.

The Organization reports gifts of equipment as unrestricted support unless explicit stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of restrictions when the assets are placed in service.

The organization recognizes revenue from fee for service programs at the point in time that the programs occur. Accordingly, the Organization satisfies the performance obligation and the fees are recognized when the programs occur. The transaction price for programs is based upon the stand-alone selling price of the programs as contracted.

Summit registration revenue is recognized in the year in which the summit takes place. Any registration receipts for summits taking place in future years are recorded as deferred revenue.

Donated investments are reflected in the accompanying financial statements at their estimated fair values at the date of donation.

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2. Summary of Significant Accounting Policies (Concluded)

Pledges Receivable

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 future years are recorded at the net present value of their estimated future cash flows. Conditional promises to give are not included in support until the conditions of the promise are substantially met.

Functional Allocation of Expenses

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the accompanying financial statements. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program. Other allocable costs have been allocated to program services and to management and general and fundraising based upon management's best estimates.

Use of Estimates

The preparation of financial statements in conformity with 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. The Organization had no contingent assets or liabilities as of December 31, 2022, or 2021.

Recently Adopted Accounting Pronouncements

In March 2018, the FASB issued ASU No. 2016-02, *Leases*. The main difference between the provisions of ASU No. 2016-02 and previous U.S. GAAP is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. ASU No. 2016-02 retains a distinction between finance leases and operating leases, and the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous U.S. GAAP. 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 right-of-use assets and lease liabilities. The accounting applied by a lessor is largely unchanged from that applied under previous U.S. GAAP. The Organization adopted the standard for the year ended December 31, 2022. As a result, the Organization recorded the operating lease right of use assets and liabilities related to real estate leases. The impact is reflected in the Statement of Financial Position and Note 8 for the year ended December 31, 2022.

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 3. Grants Receivable

Grants receivable for 2022 and 2021 consist of the following:

	2022	2021
Amount due in one year	\$ 415,700	\$ 135,000
Amount due in two to five years	-	50,000
Total Grants Receivable	\$ 415,700	\$ 185,000

Note 4. Pledges Receivable

Pledges receivable are discounted to present value using a blended rate that contemplates each donor's estimated borrowing rate at the time the unconditional promise is made. The discount rate for outstanding pledges was 4.77% and 0% for 2022 and 2021, respectively.

Pledges receivable are expected to be collected as follows as of December 31, 2022, and 2021:

	2022	2021
Due in less than one year	\$ 500,000	\$ -
Due in one to five years	1,225,000	-
Total Pledges Receivable	\$ 1,725,000	\$ -
Less, Discount to Present Value	(109,941)	-
	\$ 1,615,059	\$ -

Pledges receivable from six donors represent 100% and 0% of total pledges receivable as of December 31, 2022, and 2021, respectively. Contributions from these donors represent 47% and 0% of total revenue and support for the years ended December 31, 2022, and 2021, respectively. See Note 12.

Note 5. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date as of 2022 and 2021, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 798,436	\$ 1,734,449
Pledges receivable, current portion	500,000	-
Accounts, contributions and grants receivable, current	528,134	213,422
Sub-total	\$ 1,826,570	\$ 1,947,871
Less restricted net assets, excluding time restricted net assets not yet received	(1,154,877)	(1,340,416)
Financial assets available to meet general expenditures over the next twelve months	\$ 671,693	\$ 607,455

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions and the amounts that were released from restrictions at December 31, 2022, and 2021 are comprised of the following programs:

2022:

<u>Program</u>	<u>Balance 12/31/21</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 12/31/22</u>
Purpose restrictions:				
Crimsonbridge	\$ 185,000	\$ -	\$ -	\$ 185,000
Lynch Foundation	25,000	-	(25,000)	-
Porticus	-	280,700	-	280,700
Toolbox Book	-	5,000	-	5,000
Lilly Latino/ Sustainability	825,117	-	(212,285)	612,832
Lilly Phase 3	250,000	-	(178,655)	71,345
Major Gift Initiative	55,299	-	(55,299)	-
Time Restricted:				
Pledges Receivable	-	2,040,059	(425,000)	1,615,059
Total	<u>\$ 1,340,416</u>	<u>\$ 2,325,759</u>	<u>\$ (896,239)</u>	<u>\$ 2,769,936</u>

2021:

<u>Program</u>	<u>Balance 12/31/20</u>	<u>Revenue/ Contributions</u>	<u>Released</u>	<u>Balance 12/31/21</u>
Purpose restrictions:				
Crimsonbridge	\$ -	\$ 185,000	\$ -	\$ 185,000
Lynch Foundation	25,000	50,000	(50,000)	25,000
Lilly Mission Management	198,074	-	(198,074)	-
Lilly Latino/ Sustainability	643,306	500,000	(318,189)	825,117
Lilly Phase 3	-	250,000	-	250,000
Major Gift Initiative	-	80,299	(25,000)	55,299
PPP Funds	-	235,300	(235,300)	-
Total	<u>\$ 866,380</u>	<u>\$ 1,300,599</u>	<u>\$ (826,563)</u>	<u>\$ 1,340,416</u>

Note 7. Revenue from Contracts with Customers

The following table provides information about significant changes in deferred revenue for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	\$ 93,880	\$ 53,645
Revenue recognized that was included in deferred revenue at the beginning of the year	(85,491)	(21,825)
Increase in deferred revenue due to cash received during the year	<u>55,242</u>	<u>62,060</u>
Deferred revenue, end of year	<u>\$ 63,631</u>	<u>\$ 93,880</u>

Net receivables related to contracts with customers were \$63,685 and \$62,385 as of December 31, 2022, and 2021, respectively.

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 8. Lease Commitments

The Organization leases certain office facilities under a long-term non-cancelable operating lease agreement. The lease currently expires in June 2025. The operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires payment of real estate taxes, insurance, and repairs.

The Organization has elected the option to use a risk-free rate determined using a period comparable to the lease terms as the discount rate for leases since the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the relevant office facilities. The weighted average discount rate applied to calculate lease liabilities as of December 31, 2022 was 3.18%

For the year ended December 31, 2022, total operating lease cost was approximately \$3,600, and total short-term lease cost was approximately \$35,000. For the year ended December 31, 2021 total short term lease cost was approximately \$42,000. As of December 31, 2022, the weighted-average remaining lease term for the Organization's operating lease was approximately two and a half years.

The Organization elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Maturities of the operating lease liability as of December 31, 2022, are as follows for lease years ending December 31:

2023	\$	7,038
2024		7,320
2025		<u>3,732</u>
Total	\$	18,090
Less: present value discount		(734)
Present value of future minimum lease payments	\$	<u>17,356</u>
Less: current lease liabilities		<u>(6,581)</u>
Net long term lease liabilities	\$	<u>10,775</u>

Note 9. Concentrations

Credit Risk

The Organization places its cash in a financial institution. At times, cash held in the financial institution may exceed FDIC insurance limits. The Organization has not experienced any losses in such accounts and management does not believe the Organization is exposed to any significant credit risk.

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 10. Risks and Uncertainties

In March 2020, a pandemic of the Coronavirus (COVID-19) was declared by the World Health Organization. Future events, revenues and expenses of the Organization are uncertain due to the highly contagious nature of the virus, the requirements for social distancing, limited gathering, and restrictions on travel. In addition, both domestic and international equity markets have experienced significant fluctuations since March 2020. The ultimate impact of the COVID-19 pandemic on the amount and likelihood of loss is unknown and depends on future developments. In this challenging environment, management has been aggressive in seeking new sources of funding, including federal emergency grants and loans, controlling costs and deferring payments when possible.

Note 11. Payroll Protection Program Funds

The Organization applied for and received a loan on April 30, 2020, under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan amount was for \$193,200 with a fixed interest rate of 1.00%. The Organization was eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The Organization applied for forgiveness and was granted full forgiveness by the SBA in January 2021.

The Organization applied for and received a second loan on March 1, 2021, under the Paycheck Protection Program. The loan amount was for \$235,300 with a fixed interest rate of 1.00%. The Organization was eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government.

The Organization applied for forgiveness and was granted full forgiveness by the SBA in August 2021.

In accordance with available guidance from the American Institute of Certified Public Accountants (AICPA), the Organization accounts for the funds as a conditional grant under FASB ASC 958-605 due to the forgiveness being conditional on incurring the qualified expenses and other criteria. The Organization recognized the grant into revenue as the qualified expenses were incurred. The full amount of the grants were recognized as revenue in 2021 and 2020, respectively, as sufficient qualified expenditures were incurred, and all other criteria were met.

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

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Note 12. Related Party Activities

During the years ended December 31, 2022, and 2021, the Organization recorded grants and contributions from directors and their family members as follows:

2022:

<u>Year Issued</u>	<u>Type of Grant/Contribution</u>		<u>Amount</u>
2022	Grants/contributions without donor restriction	\$	759,242
2022	Pledges with time restrictions		2,025,000

2021:

<u>Year Issued</u>	<u>Type of Grant/Contribution</u>		<u>Amount</u>
2021	Grants/contributions without donor restriction	\$	348,500

There were no grants or contributions receivable from related parties as of December 31, 2022, or 2021. Pledges receivable from related parties, net of discount, as of December 31, 2022, totaled \$1,515,059.

Note 13. Retirement Plan

The Organization established a SEP-IRA plan in 2006 which covers all employees of the Organization. The Plan is funded by employer contributions which totaled \$193,547 and \$176,390 in 2022 and 2021, respectively.

Note 14. Licensing and Distribution Agreements for Educational Materials

The Organization entered into a licensing agreement with the Standards for Excellence Institute on April 30th, 2007, to obtain rights to reproduce, modify and distribute certain educational materials provided by this licensor.

During April 2022, the Organization renewed the licensing agreement for a three-year term. The fees under the agreement total \$30,375 and are to be paid out as follows:

Year 1	\$	10,500
Year 2		10,125
Year 3		<u>9,750</u>
Total	\$	<u>30,375</u>

Additionally, the Organization has a distributorship agreement with St. Anthony Messenger Press, LLC (the distributor) to distribute and sell its various educational publications worldwide. The Organization receives an advance royalty of twenty-five percent of the full retail price on all items delivered to the distributor for sale. An additional royalty of fifty percent is received when the items are sold. Advance royalty payments are recorded as deferred revenue until the items are sold, at which time they are recognized as revenue. As of December 31, 2022, and 2021, the Organization held no publications in inventory.

LEADERSHIP ROUNDTABLE, INC.

NOTES TO FINANCIAL STATEMENTS

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Note 15. Contingencies

The Organization receives a significant portion of its revenue from grants. The ultimate determination of amounts received under these programs often is based on allowable costs reported to the donor. In some instances, the donor reserves the right to audit the program costs. Until the final settlement is reached with each donor, there exists a contingency to refund any amount received for costs deemed unallowable in an audit conducted by a donor.

Note 16. Subsequent Events

The Organization has evaluated events through March 21, 2023, the date the financial statements were available to be issued, and determined that there was no event occurring subsequent to December 31, 2022 that would require recognition or disclosure in the consolidated financial statements.