POVERTY AND SOCIAL REFORM INSTITUTE, INC.
d/b/a LEAPS AND BOUNDS FAMILY SERVICES

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED
SEPTEMBER 30, 2022 AND 2021

POVERTY AND SOCIAL REFORM INSTITUTE, INC.
d/b/a LEAPS AND BOUNDS FAMILY SERVICES

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Poverty and Social Reform Institute, Inc.
d/b/a Leaps and Bounds Family Services
Warren, Michigan

Opinion

We have audited the accompanying financial statements of Poverty and Social Reform Institute, Inc., d/b/a Leaps and Bounds Family Services (the "Institute") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021; the related 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 financial statements referred to above present fairly, in all material respects, the financial position of Poverty and Social Reform Institute, Inc., d/b/a Leaps and Bounds Family Services, as of September 30, 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 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 Association 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 misstatements, 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 Association'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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatements 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 Institute'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute'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.

UHY LLP

Port Huron, Michigan
May 31, 2023

POVERTY AND SOCIAL REFORM INSTITUTE, INC. D/B/A
LEAPS AND BOUNDS FAMILY SERVICES

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 891,896	$ 1,063,521
Receivables	391,854	138,342
Prepaid expenses	23,149	13,548
Investments	-	100
Property and Equipment (net)	3,082	5,702
Total Assets	$ 1,309,981	$ 1,221,213
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 61,197	$ 16,860
Accrued liabilities	77,109	46,498
Total Liabilities	138,306	63,358
Net Assets:		
Without donor restrictions	1,171,675	1,157,855
Total Liabilities and Net Assets	$ 1,309,981	$ 1,221,213

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

POVERTY AND SOCIAL REFORM INSTITUTE, INC. D/B/A
LEAPS AND BOUNDS FAMILY SERVICES

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Revenues, Gains, and Other Support:		
Grants and contracts -		
United Way	$ 377,257	$ 664,980
Wayne RESA	73,514	76,815
Macomb ISD	15,000	14,400
Everybody Ready	55,000	54,500
United Way-ACCESS	1,403,899	18,114
Other grants	20,000	-
Contributions	17,959	14,545
Special events revenue	21,058	8,441
Fees	16,251	5,880
Investment/Interest Income	223	13,484
PPP Loan principal and interest forgiveness	-	38,434
Total Revenues, Gains, and Other Support	2,000,161	909,593
Expenses:		
Program services	1,894,287	743,920
Supporting services -		
Management and general	84,797	73,948
Fundraising	7,257	1,091
Total Expenses	1,986,341	818,959
Change in Net Assets	13,820	90,634
Net Assets at beginning of year	1,157,855	1,067,221
Net Assets at end of year	$ 1,171,675	$ 1,157,855

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

POVERTY AND SOCIAL REFORM INSTITUTE, INC. D/B/A
LEAPS AND BOUNDS FAMILY SERVICES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services	Supporting Services		
	Program	Management & General	Fundraising	Total
Salaries	$ 996,075	$ 14,131	$ -	$ 1,010,206
Payroll taxes	88,307	1,180	-	89,487
Employee benefits	211,106	2,642	-	213,748
	1,295,488	17,953	-	1,313,441
Program contracts	163,856	-	-	163,856
Contracted services	265,855	60,800	-	326,655
Rent	50,923	1,629	-	52,552
Supplies	48,881	441	-	49,322
Equipment/maintenance	7,108	54	-	7,162
Postage and printing	6,971	9	-	6,980
Telephone	10,463	42	-	10,505
Travel and transportation	18,901	167	-	19,068
Insurance	7,841	219	-	8,060
Staff development	9,169	-	-	9,169
Special events	-	-	7,257	7,257
Miscellaneous	8,831	863	-	9,694
	598,799	64,224	7,257	670,280
Depreciation	-	2,620	-	2,620
Total Functional Expenses	$ 1,894,287	$ 84,797	$ 7,257	$ 1,986,341

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

POVERTY AND SOCIAL REFORM INSTITUTE, INC. D/B/A
LEAPS AND BOUNDS FAMILY SERVICES

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Supporting Services		
	Program	Management & General	Fundraising	Total
Salaries	$ 410,696	$ 17,846	$ -	$ 428,542
Payroll taxes	32,589	1,329	-	33,918
Employee benefits	79,698	1,564	-	81,262
	522,983	20,739	-	543,722
Program contracts	90,025	-	-	90,025
Contracted services	47,445	45,050	-	92,495
Rent	42,583	2,746	-	45,329
Supplies	6,034	100	-	6,134
Equipment/maintenance	10,027	58	-	10,085
Postage and printing	1,551	92	-	1,643
Telephone	9,787	59	-	9,846
Travel and transportation	473	-	-	473
Insurance	7,257	381	-	7,638
Staff development	3,999	125	-	4,124
Special events	-	-	1,091	1,091
Interest	1,391	-	-	1,391
Miscellaneous	365	1,782	-	2,147
	220,937	50,393	1,091	272,421
Depreciation	-	2,816	-	2,816
Total Functional Expenses	$ 743,920	$ 73,948	$ 1,091	$ 818,959

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

POVERTY AND SOCIAL REFORM INSTITUTE, INC. D/B/A
LEAPS AND BOUNDS FAMILY SERVICES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ 13,820	$ 90,634
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities -		
Depreciation	2,620	2,816
Realized and unrealized losses on investments	-	62
PPP Loan forgiveness	-	(37,995)
Change in assets and liabilities:		
Receivables	(253,512)	73,370
Prepaid expenses	(9,601)	(258)
Accounts payable	44,337	10,464
Accrued liabilities	30,611	6,313
Net Cash Provided by (Used for) Operating Activities	(171,725)	145,406
Cash Flows from Investing Activities:		
Sale of investments	100	517,486
Cash Flows from Financing Activities:		
Principal payments on loans	-	(79,487)
Net increase (decrease) in cash and cash equivalents	(171,625)	583,405
Cash and Cash Equivalents at beginning of year	1,063,521	480,116
Cash and Cash Equivalents at end of year	$ 891,896	$ 1,063,521
Non-Cash Financing Activities:		
PPP Loan Forgiveness	$ -	$ 37,995

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

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF ORGANIZATION:

Poverty and Social Reform Institute, Inc. (the "Institute"), doing business as Leaps and Bounds Family Services, is a not-for-profit corporation whose revenue is derived principally from grants (primarily from United Way) and private contributions. The primary purpose of the Institute is to focus on creative and collaborative action on the health, education, social, and economic needs of children and families living in poverty. The Institute also provides professional development and quality improvement support to childcare providers in Wayne, Oakland, and Macomb Counties.

The Institute provides support to high-risk families through home visiting, case management, and literacy events. The Institute also provides services to childcare providers, including but not limited to professional development trainings, state-mandated childcare provider trainings, quality improvement support and technical assistance, and lending library materials for childcare providers.

SIGNIFICANT ACCOUNTING POLICIES:

The Institute's accounting policies conform to accounting principles generally accepted in the United States of America. The following is a summary of policies that are considered significant to this organization.

Basis of Accounting - The financial statements of the Institute are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations.

Basis of Presentation - Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Statement 958, *Financial Statements of Not-for-Profit Organizations*. In accordance with ASC 958, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Institute. These net assets may be used at the discretion of management.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donors. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents - Cash and cash equivalents consist primarily of checking and money market accounts and cash deposits. Cash equivalents are considered to have original maturities of ninety days or less.

Investments - The Institute reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the statement of activities. Investments were composed of cash held by the investment company and mutual funds carried at fair value.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

Fair Value Measurements - ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The Institute accounts for certain investments at fair value.

Prepaid Expenses - Prepaid expenses consist of insurance and certain expenses paid for in advance and recorded as an asset before they are used or consumed.

Property and Equipment - Property and equipment consists of leasehold improvements, furniture and equipment, and computer equipment and are recorded at cost at the date of purchase or at estimated fair market value at the date of donation. Major additions are capitalized, while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Gains or losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

The estimated useful lives of the assets are as follows:

Leasehold improvements	10 years
Furniture and equipment	5 years
Computer equipment	3-5 years

Contributions - Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with restrictions. When a restriction expires, nets assets with restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from restrictions.

Revenue Recognition - Grants and contributions are recognized when cash, securities, or other assets, or an unconditional promise to give is received. Special event revenue is recognized upon completion of the event. Fees are recognized upon completion of the class to which the fee pertained. Other revenues are recognized when received.

Cost Allocation and Functional Expenses - Directly identifiable expenses are charged directly to program and/or supporting services. Expenses related to more than one function are charged to the program and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Institute.

Income Taxes - The Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Reclassification - Certain revenue balances have been reclassified to conform to the 2022 presentation.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Estimates - In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

As discussed in Note 8, the Institute obtained a loan from the Paycheck Protection Program (PPP). According to the rules of the Small Business Administration (SBA), the Institute is required to retain PPP loan documentation for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Institute's judgements pertaining to satisfying PPP loan eligibility or forgiveness conditions, the Institute may be required to adjust previously reported amounts and disclosures in the financial statements.

Subsequent Events - In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through May 31, 2023, the date the financial statements were available to be issued.

Upcoming Accounting Pronouncement - The Financial Accounting Standards Board (FASB) issued the following standard that could have an impact on future financial statements when adopted. The Institute is currently evaluating the implications of this standard.

In February 2016, FASB issued a new accounting standard, Accounting Standard Update 2016-02, *Leases* (Topic 842), intended to improve financial reporting of leasing transactions. Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current Generally Accepted Accounting Principles (GAAP), the recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee will primarily depend on its classification as a finance or operating lease. However, unlike current GAAP which requires only capital leases to be recognized on the balance sheet, the new standard will require both types of leases to be recognized on the balance sheet. The standard also requires disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows from leases. The amendments in this standard have been delayed by FASB and are effective for the Institute's financial statements for the year ending September 30, 2023.

POVERTY AND SOCIAL REFORM INSTITUTE, INC.
d/b/a LEAPS AND BOUNDS FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

Financial assets available for general expenditures (that is, without donor or other restrictions limiting their use) within one year of the financial position date is composed of the following:

	2022	2021
Cash and cash equivalents	$ 891,896	$ 1,063,521
Receivables	391,854	138,342
Investments	-	100
	$ 1,283,750	$ 1,201,963

NOTE 3 - RECEIVABLES:

Receivables consist of the following at September 30:

	2022	2021
United Way	$ 22,653	$ 97,214
Macomb Intermediate School District	5,775	1,700
Wayne Regional Educational Services Agency	20,630	7,576
Wayne County - Everybody Ready	-	9,919
ACCESS	342,621	18,114
Priority Health	-	3,819
Clinton Regional Educational Services Agency	175	-
	$ 391,854	$ 138,342

NOTE 4 - INVESTMENTS:

Investments at September 30 consist of the following:

	2022	2021
Cash Held by Investment Company	$ -	$ 100

Investment return consists of the following:

	2022	2021
Interest, Dividends, and Capital Gains	$ -	$ 19,350
Realized & Unrealized Gains(Losses) on Investments	-	(62)
Less: Fees	-	(5,804)
	$ -	$ 13,484

NOTE 4 - INVESTMENTS - (cont'd):

In accordance with ASC 820, the Institute uses fair value measurements to record adjustments to certain assets. The ASC 820 defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - Level 3 inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at the measurement date. These inputs reflect the reporting entity's own assumptions about assumptions that would be used by market participants.

The Institute's valuation of the investments for the year ended September 30, 2021 was determined by quoted prices in active markets for identical assets (or Level 1 inputs as defined by ASC 820). All of the investments were sold during 2022.

NOTE 5 - CONCENTRATIONS:

Credit Risk -

The Institute is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Institute to concentrations of significant credit risk, consist principally of cash equivalents, and contributions, contracts, and grants receivable. The Institute's cash and cash equivalents are deposited with high-credit-quality financial institutions. The Institute had deposits with a bank balance of $934,724 and $1,079,934 at September 30, 2022 and 2021, respectively. As of September 30, 2022, $250,000 is insured by depository insurance with the remaining $684,724 uninsured and uncollateralized. At September 30, 2021, $250,000 was insured by depository insurance with the remaining $829,934 uninsured and uncollateralized.

Contracts and grant receivables consist principally of amounts due from ACCESS, the United Way, and governmental and nonprofit entities. These receivables are considered to be subject to minimal risk. All receivables are typically collected within one year.

NOTE 5 - CONCENTRATIONS - (cont'd):

Receivables -

At September 30, 2022, approximately 87% of the Institute's total receivable was due from ACCESS. At September 30, 2021, approximately 70% of the Institute's total receivable was due from the United Way.

Revenues -

During the fiscal years ended September 30, 2022 and 2021, approximately 70% and 73%, respectively, of the Institute's total revenue and support was received from ACCESS and the United Way, respectively.

NOTE 6 - PROPERTY AND EQUIPMENT:

The components of property and equipment at September 30 are as follows:

	2022	2021
Furniture and equipment	$ 15,540	$ 16,070
Computer equipment	22,608	27,383
Leasehold improvements	12,295	12,295
	50,443	55,748
Less: accumulated depreciation	(47,361)	(50,046)
Net property and equipment	$ 3,082	$ 5,702

Depreciation expense for the years ended September 30, 2022 and 2021 was $2,620 and $2,816, respectively.

NOTE 7 - LEASES:

The Institute leases office and program space under two operating lease agreements. The minimum required lease payment is $15,300, as the Institute can cancel the lease with a six-month written notice. The lease agreement was renewed and extends to September 30, 2023.

The Institute entered a 36-month lease for additional office locations, commencing October 1, 2021 through September 30, 2023. The minimum required lease payments for 2022 and 2023 are $11,689 and $12,151, respectively.

Rent expense for the years ended September 30, 2022 and 2021 was $52,552 and $45,329, respectively.

NOTE 8 - THE PAYCHECK PROTECTION PROGRAM (PPP) LOAN:

On May 4, 2020, the Institute entered into a U.S. Small Business Administration (SBA) PPP Loan in the principal amount of $117,482 payable to Credit Union ONE evidencing a PPP Loan from Credit Union ONE. The PPP Loan will bear interest at a rate of 1.0% per annum. No payments were due on the PPP Loan until December 4, 2020. The maturity date was May 4, 2022.

NOTE 8 - THE PAYCHECK PROTECTION PROGRAM (PPP) LOAN - (cont'd):

The principal amount of the PPP Loan was subject to forgiveness by Credit Union ONE through the SBA under the PPP upon the Institute's request to the extent that PPP Loan proceeds were used to pay expense permitted by the PPP, including payroll, rent, and utilities. Credit Union ONE has forgiven interest accrued on principal forgiven. During 2021, $38,434 of the loan and interest was forgiven, while $80,439 was paid in July 2021.

According to the rules of the SBA, the Institute is required to retain PPP Loan documentation for six years after the date the PPP Loan is forgiven or repaid in full and permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request. Should the SBA conduct such a review and reject all or some of the Institute's judgements pertaining to satisfying PPP Loan eligibility or forgiveness conditions, the Institute may be required to adjust previously reported amounts and disclosures in the financial statements.

NOTE 9 - RETIREMENT PLAN:

The Institute has a 401(k) Plan for the benefit of substantially all employees. The Institute will match 75% of employee contributions up to 6% of employee compensation. The Institute's contributions were $29,539 and $10,438 for the years ended September 30, 2022 and 2021, respectively.

NOTE 10 - CONTINGENT LIABILITY:

In the normal course of operation, the Institute participates in various federal, state, and/or local grant/contract programs from year to year. The grant/contract programs are often subject to additional audits by agents of the granting or contracting agency, the purpose of which is to ensure compliance with the specific conditions of the grant/contract programs. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although management believes that amount, if any, would not be material.

NOTE 11 - RELATED PARTY TRANSACTIONS:

For the year ended September 30, 2022, the Institute contracted with a Board member's company for fundraising and grant consulting in the amount of $30,249. There were no related party transactions during the year ended September 30, 2021.