

**LEADERSHIP OKLAHOMA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Leadership Oklahoma, Inc.

We have audited the accompanying financial statements of Leadership Oklahoma, Inc., (a not-for-profit corporation operating as Leadership Oklahoma), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leadership Oklahoma, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 14 to the financial statements, the organization has elected to change its method of accounting for revenue recognition and marketable securities transactions and reporting in accordance with new accounting guidance issued by the Financial Accounting Standards Board. Our opinion is not modified with respect to these matters.

*Van Wieren & Jones, Inc.*

Edmond, Oklahoma  
September 8, 2020

**LEADERSHIP OKLAHOMA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2020 and 2019**

ASSETS	2020	2019
Cash	\$ 253,017	\$ 359,574
Accounts receivable	13,000	10,500
Unconditional promises to give, due within one year	29,000	58,000
Prepaid expenses	13,592	2,330
Certificate of deposit	213,252	-
Unconditional promises to give, due after one year	25,200	16,000
Board designated endowment funds:		
Cash	203,206	239,123
Certificate of deposit	-	50,000
Accrued interest	2,301	4,573
Investment debt securities available-for-sale, at fair value	373,357	778,603
Investment equity securities, at fair value	2,301,388	1,758,324
Deposits	2,571	2,571
Office equipment, net	39,256	43,905
Leasehold costs, net	27,743	32,787
Website development costs, net	28,735	36,945
	\$ 3,525,618	\$ 3,393,235

**LIABILITIES AND NET ASSETS**

Liabilities

Accounts payable and accrued expenses	\$ 32,520	\$ 68,477
Deferred income:		
Prepaid member dues	-	39,925
Prepaid tuition	139,700	136,800
Other	370	-
Note payable to bank	67,600	-
	240,190	245,202

Net assets

Without donor restrictions :		
Undesignated	350,976	235,410
Board designated endowments	2,880,252	2,830,623
	3,231,228	3,066,033
With donor restrictions	54,200	82,000
Total net assets	3,285,428	3,148,033
Total liabilities and net assets	\$ 3,525,618	\$ 3,393,235

The Accompanying Notes are an Integral Part of These Financial Statements

**LEADERSHIP OKLAHOMA, INC.**  
**STATEMENTS OF ACTIVITIES**  
For the Years Ended June 30, 2020 and 2019

	2020		2019		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue					
Contributions	\$ 480,318	\$ 42,700	\$ 523,018	\$ 32,500	\$ 550,090
Tuition	157,200	-	157,200	-	157,100
Fees and other revenue	28,759	-	28,759	-	51,054
Investment return, net	101,824	-	101,824	-	132,720
Net assets released from restriction					
Satisfied by expenditures for education forums	70,500	(70,500)	-	67,000	(67,000)
Total revenue and support	838,601	(27,800)	810,801	925,464	(34,500) 890,964
Expenses					
Program services					
Education forums	332,181	-	332,181	380,065	-
Membership services	251,688	-	251,688	306,641	-
Supporting services					
Administration	91,915	-	91,915	117,852	-
Fund-raising	37,547	-	37,547	13,091	-
Total expenses	713,331	-	713,331	817,649	-
Increase (decrease) in net assets	125,270	(27,800)	97,470	107,815	(34,500) 73,315
NET ASSETS, beginning of year	3,066,033	82,000	3,148,033	2,958,218	116,500 3,074,718
Adjustment to adopt ASC 606	39,925	-	39,925	-	-
NET ASSETS, beginning of year, restated	3,105,958	82,000	3,187,958	2,958,218	116,500 3,074,718
NET ASSETS, end of year	\$ 3,231,228	\$ 54,200	\$ 3,285,428	\$ 3,066,033	\$ 82,000 3,148,033

The Accompanying Notes are an Integral Part of These Financial Statements

**LEADERSHIP OKLAHOMA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2020 and 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets	\$ 97,470	\$ 73,315
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	20,662	10,670
Unrealized gain on equity securities	(37,727)	(62,452)
Unrealized gain on debt securities	(3,075)	(8,901)
Realized gain on sale of debt securities	(1,868)	-
Purchase of investment equity securities	(839,430)	(39,418)
Proceeds from sale of investment equity securities	558,706	740,311
(Increase) decrease in operating assets:		
Accounts receivable	(2,500)	1,605
Unconditional promises to give	19,800	40,500
Accrued interest receivable	2,272	(2,717)
Prepaid expenses	(11,262)	1,587
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(35,957)	44,915
Deferred income	3,270	(14,875)
	(229,639)	784,540
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investment debt securities	262,582	-
Purchase of investment debt securities	(77,006)	(547,254)
Purchase of certificate of deposit	(213,252)	-
Redemption of certificate of deposit	50,000	-
Increase in deposits	-	(2,571)
Purchase of office equipment	(2,759)	(46,649)
Acquisition of leasehold costs	-	(35,309)
Acquisition of website development costs	-	(19,750)
	19,565	(651,533)
<b>ACTIVITIES</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in note payable	67,600	-
	67,600	-
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(142,474)</b>	<b>133,007</b>
CASH, beginning of year	598,697	465,690
CASH, end of year	\$ 456,223	\$ 598,697

The Accompanying Notes are an Integral Part of These Financial Statements

**LEADERSHIP OKLAHOMA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the years ended June 30, 2020 and 2019**

	2020					2019				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Education Forums	Member-ship Services	Admin-istration	Fund-Raising	Total	Education Forums	Member-ship Services	Admin-istration	Fund-Raising	Total
Awards and recognition	\$ -	\$ -	\$ 1,220	\$ -	\$ 1,220	\$ -	\$ -	\$ 181	\$ -	\$ 181
Compensation and related expenses	179,715	144,204	42,786	30,671	397,376	154,530	139,813	69,349	11,038	374,730
Contractual services	-	442	1,528	-	1,970	-	-	10,821	-	10,821
Copying and printing	1,679	24,209	410	298	26,596	1,679	20,749	679	120	23,227
Credit card and bank fees	3,030	2,424	1,397	539	7,390	2,556	2,312	1,346	183	6,397
Database system	-	5,951	1,639	-	7,590	-	5,951	1,138	-	7,089
Depreciation	9,298	7,438	2,273	1,653	20,662	4,481	4,055	1,814	320	10,670
Insurance	3,313	2,650	810	589	7,362	2,846	2,574	1,152	203	6,775
Materials and supplies										
Classes and forums	113,788	18,072	-	-	131,860	196,790	18,028	-	-	214,818
Membership events	-	26,711	-	-	26,711	-	88,645	-	-	88,645
Meetings	-	-	5,260	-	5,260	-	-	952	-	952
Office supplies	1,659	1,327	405	295	3,686	2,212	2,001	895	158	5,266
Other	-	-	4,186	-	4,186	-	-	10,983	-	10,983
Postage	1,900	1,520	464	338	4,222	1,286	1,164	521	92	3,063
Professional fees	-	-	13,430	-	13,430	-	-	12,481	-	12,481
Public relations and promotion	-	2,500	11,756	-	14,256	-	8,967	-	-	8,967
Rent	13,885	11,108	3,394	2,468	30,855	9,679	8,757	3,918	691	23,045
Telephone	3,101	2,481	758	552	6,892	2,706	2,449	1,096	193	6,444
Travel	813	651	199	144	1,807	1,300	1,176	526	93	3,095
	<u>\$ 332,181</u>	<u>\$ 251,688</u>	<u>\$ 91,915</u>	<u>\$ 37,547</u>	<u>\$ 713,331</u>	<u>\$ 380,065</u>	<u>\$ 306,641</u>	<u>\$ 117,852</u>	<u>\$ 13,091</u>	<u>\$ 817,649</u>

Thee Accompanying Notes are an Integral Part of These Financial Statements

**LEADERSHIP OKLAHOMA, INC.**

**Notes to Financial Statements**

**June 30, 2020**

**Note 1. Organization**

Leadership Oklahoma, Inc. (“Leadership”) was organized in 1987 to develop, educate and nurture a statewide network of proactive leaders for Oklahoma. Leadership provides an annual series of proactive, issues-oriented educational forums. Also, the Organization provides for various membership events and services. The Organization operates under the name “Leadership Oklahoma”, and is supported primarily through member and donor contributions, grants, tuition, and other revenues.

Leadership is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and classified by the Internal Revenue Service as other than a private foundation. As a result, no provision for current or deferred income tax liability is recognized.

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

The financial statements of Leadership have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below:

**Cash**

Leadership considers both demand deposits and time deposits maturing in three months or less as cash. Currently, there are no time deposits maturing in three months or less.

**Investments**

The organization reports its marketable securities as equity securities and available-for-sale debt securities and are carried in the financial statements at fair value, with realized and unrealized gains and losses reported in the statement of activities. The recorded amount of donated investment instruments is reflected at the estimated market value at the date of donation. Investment return is presented net of investment fees.



**LEADERSHIP OKLAHOMA, INC.**

**Notes to Financial Statements**

**June 30, 2020**

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

**Equipment**

Equipment is recorded at purchased cost or at fair market value, if contributed, and depreciated over the estimated useful life of the assets. Maintenance and repairs are expensed as incurred. Depreciation of equipment is on the straight-line method over five to seven years. Depreciable assets sold, retired or otherwise disposed of are removed from the asset and accumulated depreciation accounts and any gains or losses thereon are reflected in earnings. A formal capitalization policy has not been adopted, but significant additions are capitalized on a case-by-case basis for those assets which have an expected life beyond one year.

**Leasehold Costs**

Leasehold costs are capitalized and amortized over the term of the office lease which is seven years using the straight line method.

**Website Development Costs**

Website development costs are capitalized and amortized over a five year period using the straight line method.

**Net Asset Classifications**

Net assets have been segregated to reflect the fair presentation of those resources available for use at the discretion of the board of directors and of those resources over which the board has little, if any, discretion as to use due to externally imposed restrictions. The following net asset classification has been established for Leadership.

Net assets without donor restrictions – Represents resources over which the board has discretionary control to use in the operations of Leadership. Net assets without donor restrictions include board designated endowments or quasi-endowments.

Net assets with donor restrictions – Represents resources which are received with donor stipulations or have been designated by contributors for use in future years.

**Support and Revenue**

Leadership reports contributions of cash and other assets as increases in net assets without donor restrictions if they are received with donor stipulations that limit the use of the donated assets, and the restriction expires in the fiscal year in which the contributions are recognized. Contributions are recorded when cash or other assets are received, or when an unconditional promise to give is made. Tuition revenue is recognized during the year as class sessions are completed. Fees and other revenues are recognized at a point in time which would be when the activity or event is held.

**LEADERSHIP OKLAHOMA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020**

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

Leadership reports gifts of land, buildings, and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with specific 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 increases in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Leadership reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Concentration of Credit Risk**

Financial instruments, which potentially subject Leadership to credit risk, consist of cash, accounts receivable, and promises to give and investments. Leadership maintains its cash balances in high quality financial institutions. Leadership also maintains a bank "sweep" account, which is invested in US Treasury and Agency obligations. This account is not Federally insured. Management believes any possible credit risk is minimal.

Leadership has a board-designated endowment account, administered by a trust company, which consists of corporate bonds, common stocks, mutual funds, and cash equivalents. The trust company administers the portfolio in accordance with the Leadership investment policy. The policy indicates the type of investments permitted and the composition of the portfolio. The investment return available for current year expenditures is determined in accordance with the policy. The policy provides for the transfer of funds to operations annually at the discretion of the Board of Directors. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment account balances and the amounts reported in the statements of financial position and the statements of activities.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires Leadership 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.

**LEADERSHIP OKLAHOMA, INC.**

**Notes to Financial Statements**

**June 30, 2020**

**Note 3. Accounts Receivable and Unconditional Promises to Give**

Accounts receivable consists of amounts due from members and sponsors. Unconditional promises to give is comprised of the following at June 30:

	<b>2020</b>	<b>2019</b>
Receivable in less than one year	\$ 29,000	\$ 58,000
Receivable in one to five years	<u>26,000</u>	<u>16,500</u>
	55,000	74,500
Less discounts to net present value	<u>800</u>	<u>500</u>
Net unconditional promises to give	<u>\$ 54,200</u>	<u>\$ 74,000</u>

Discount rate used on long-term promises to give was 3% in 2020. Management considers the reported amounts to be collectible and an allowance for uncollectible promises would not be material.

**Note 4. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions and board designations within one year of the balance sheet date.

	<b>2020</b>	<b>2019</b>
Financial assets at year end	\$ 3,413,720	\$ 3,274,697
Less those unavailable for general expenditures		
Within one year due to:		
Board-designated endowment	2,744,507	2,701,651
Certificate of deposit	213,252	-
Unconditional promises to give collectible after one year	<u>25,200</u>	<u>16,000</u>
Financial assets available to meet cash needs for General expenditures within one year	<u>\$ 430,761</u>	<u>\$ 557,046</u>

The organization is primarily supported through contributions, member dues, class tuition, fees and other revenues, investment return, and transfers from Board-designated endowment fund. See Note 5 for an analysis of the endowment fund. The Organization manages its liquidity by developing and adopting an annual operating budget that provides sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. As part of the Organization's liquidity management, cash balances in excess of daily requirements are invested in interest-bearing accounts.

**LEADERSHIP OKLAHOMA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 5. Investments**

Investments are stated at fair market value and consist of the following at June 30:

	<b>2020</b>		<b>Unrealized Appreciation (Depreciation)</b>
	<b>Cost</b>	<b>Market</b>	
Mutual funds	\$ 1,131,846	\$ 1,247,893	\$ 116,047
Common stocks	757,052	1,053,495	296,443
Corporate bonds	<u>367,837</u>	<u>373,357</u>	<u>5,520</u>
	<u>\$ 2,256,735</u>	<u>\$ 2,674,745</u>	<u>\$ 418,010</u>
	<b>2019</b>		<b>Unrealized Appreciation (Depreciation)</b>
	<b>Cost</b>	<b>Market</b>	
Mutual funds	\$ 890,245	\$ 1,058,836	\$ 168,591
Common stocks	500,663	699,488	198,825
Corporate bonds	<u>776,158</u>	<u>778,603</u>	<u>2,445</u>
	<u>\$ 2,167,066</u>	<u>\$ 2,536,927</u>	<u>\$ 369,861</u>

The Board of Directors established an Endowment fund to provide supplemental funding for the programs and projects of the Organization and to provide back-up funding during periods when normal funding is insufficient. Lifetime membership donations are added to the Endowment fund. An investment management trust company manages the fund's operations in accordance with the Board of Directors' investment policy, which includes maximizing total return within a prescribed asset allocation.

**LEADERSHIP OKLAHOMA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 5. Investments, continued**

The activity of Board designated endowments is as follows:

Beginning of year		\$ 2,830,623
Contributions		78,554
Investment return		
Interest and dividends	\$ 63,273	
Capital gain distributions	14,154	
Loss on sale of investments	(5,479)	
Unrealized gain on investments	48,149	
Trust company fees	<u>(20,050)</u>	100,047
Transfers to unrestricted net assets		<u>(128,972)</u>
End of year		<u>\$ 2,880,252</u>

It is the current policy of the Board of Directors to annually transfer funds from the Endowment to the operating bank account. The amount transferred is equivalent to 5% of the prior three calendar year average of the market value of the fund.

**Note 6. Fair Value Measurements**

Fair values of assets measured on a recurring basis at June 30, 2020 and 2019, are as follows:

	<u>Fair Value</u>	<b>Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Fair Value Measurements Using Other Observable Inputs (Level 2)</b>
June 30, 2020:			
Equity securities	\$ 2,301,388	\$ 2,301,388	\$ -
Available-for-sale debt securities	<u>373,357</u>	<u>-</u>	<u>373,357</u>
	<u>\$ 2,674,745</u>	<u>\$ 2,301,388</u>	<u>\$ 373,357</u>
June 30, 2019:			
Equity securities	\$ 1,758,324	\$ 1,758,324	\$ -
Available-for-sale Debt securities	<u>778,603</u>	<u>-</u>	<u>778,603</u>
	<u>\$ 2,536,927</u>	<u>\$ 1,758,324</u>	<u>\$ 778,603</u>

**LEADERSHIP OKLAHOMA, INC.**

**Notes to Financial Statements**

**June 30, 2020**

**Note 6. Fair Value Measurements, continued**

The fair value accounting literature established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. The fair value of the mutual funds and common stocks are determined by reference to quoted market prices and other relevant information generated by market transactions and are reported under Level 1 inputs. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Corporate bond pricing is obtained from the trust company which uses third party sources and is reported under Level 2 inputs. Level 3 inputs have the lowest priority. There are no investments classified as Level 3.

**Note 7. Office Equipment**

The following is a summary of office equipment at June 30:

	<b>2020</b>	<b>2019</b>
Office equipment, at cost	\$ 66,197	\$ 63,438
Accumulated depreciation and amortization	<u>26,941</u>	<u>19,533</u>
	<u>\$ 39,256</u>	<u>\$ 43,905</u>

**Note 8. Deferred Income**

Deferred income includes class tuition payments received which are applicable to the next year.

**Note 9. Net Assets with Donor Restrictions**

Net assets with donor restrictions are available for the following purposes or periods:

	<b>2020</b>	<b>2019</b>
For subsequent periods	\$ 54,200	\$ 82,000
	<u>\$ 54,200</u>	<u>\$ 82,000</u>

**Note 10. Operating Leases**

Leadership entered into an agreement with a building management company for office space effective March 1, 2019. The lease provides for a monthly base rent of \$2,571 through February 1, 2027. Rental expense for the year ended June 30, 2020 was \$30,855, \$23,045 in 2019.

**LEADERSHIP OKLAHOMA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 10. Operating Leases, continued**

Future remaining rental payments at June 30, 2020, are due as follows:

Year ended June 30,	
2021	\$ 30,855
2022	30,855
2023	30,855
2024	30,855
2025	30,855
2026	<u>20,570</u>
	<u>\$ 174,845</u>

**Note 11. Donated Services, Facilities and Materials**

Leadership receives a significant amount of donated services from unpaid volunteers who assist in the various programs, administrative work and activities. These donations have not been recognized in the statement of activities because the criteria for recognition under professional standards have not been satisfied. Some services have been donated which meets the criteria for recognition in the statement of activities and are reported as support in the statement of activities. At June 30, 2020 donated services totaling \$4,625 (\$23,600 in 2019) have been recognized attributable to education forums, membership services and administration. Also, a significant amount of materials, use of facilities and other items have been contributed for use at the class session and membership programs. At June 30, 2020, in-kind contributions included in the statement of activities was \$20,522 (\$26,211 in 2019). These amounts were recorded at the donor's estimated value as of the date of the contribution.

**Note 12. Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Expenses directly attributable to a specific functional activity are reported in that functional activity. Compensation and related expenses, office expenses, copying and printing, telephone, insurance, occupancy, travel, and depreciation are allocated based on time and effort factors of the personnel. Certain other costs have been allocated on a reasonable basis among the programs and supporting services benefited.

**Note 13. Employee Benefit Plan**

Leadership adopted a defined contribution and salary deferral plan during 2001, which currently covers all eligible employees. Under the plan, Leadership contributes three percent of each eligible employee's salary, plus an additional one to three percent based on the percentage contributed by the employee. The employer contribution expense at June 30, 2020 was \$20,792 (\$18,114 in 2019).

**LEADERSHIP OKLAHOMA, INC.**  
**Notes to Financial Statements**  
**June 30, 2020**

**Note 14. Adoption of Accounting Pronouncements**

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-01, Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance changes how entities account for equity investments. The guidance also changes certain disclosure requirements, financial statement reclassifications, and other aspects of current accounting principles. Adoption of ASU 2016-01 was effective July 1, 2019. The effect of the ASU was nominal and no adjustments were made.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which clarifies the principles for recognizing revenue based on the principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers (members) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The organization adopted ASU 2014-09 and all subsequent ASUs that modified Topic 606 on July 1, 2019, utilizing the modified retrospective method of transition. The new guidance was applied to deferred income for members dues at July 1, 2019, which resulted in an increase to net assets of \$39,925. For the year ended June 30, 2020, the effect of the transition was to decrease deferred income \$26,950 and decrease contributions support \$12,975.

**Note 15. Note Payable to Bank**

Note payable consists of an unsecured 1% SBA loan due to Bancfirst, payable in monthly installments of \$3,786 including interest, beginning October 10, 2020. The remaining balance is due and payable on April 10, 2022. The loan is part of the Payroll Protection Plan administered by the SBA. As a result, the loan may be partially or totally forgiven before the due date.

**Note 16. Evaluation of Subsequent Events**

Management has evaluated subsequent events through September 8, 2020, the date which the financial statements were available to be issued.