



**LEADERSHIP OKLAHOMA, INC.**

**Financial Statements**

**June 30, 2025**

FINANCIAL STATEMENTS

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

Financial Statements

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**Smith Carney**<sup>PC</sup>  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Leadership Oklahoma, Inc.  
Oklahoma City, Oklahoma

**Opinion**

We have audited the financial statements of Leadership Oklahoma, Inc. (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2025 and 2024, 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 Oklahoma, Inc. as of June 30, 2025 and 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Leadership Oklahoma, 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 Oklahoma, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Leadership Oklahoma, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Leadership Oklahoma, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Oklahoma City, Oklahoma  
September 17, 2025

STATEMENTS OF FINANCIAL POSITION

LEADERSHIP OKLAHOMA, INC.

	June 30,	
	2025	2024
<u>ASSETS</u>		
Cash and cash equivalents	\$ 587,724	\$ 599,919
Accounts receivable	17,081	19,481
Pledges receivable, net of unamortized discount	32,356	53,421
Prepaid expenses and refundable deposit	6,805	12,416
	<u>643,966</u>	<u>685,237</u>
Board designated endowment fund:		
Cash	107,696	86,250
Accrued interest	13,150	14,192
Debt securities, at fair value	1,268,202	1,333,560
Equity securities, at fair value	2,428,164	2,171,835
	<u>3,817,212</u>	<u>3,605,837</u>
Fixed assets:		
Office equipment	91,312	92,452
Leasehold costs	48,069	48,069
Website development costs	37,996	79,546
	<u>177,377</u>	<u>220,067</u>
Less: accumulated depreciation	<u>(142,206)</u>	<u>(163,672)</u>
Fixed assets, net	<u>35,171</u>	<u>56,395</u>
Right-of-use assets, operating leases	<u>25,538</u>	<u>57,872</u>
	<u>\$ 4,521,887</u>	<u>\$ 4,405,341</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 32,464	\$ 34,497
Compensated absences	9,242	10,087
Lease liabilities - operating lease	25,538	57,872
Deferred revenues:		
Event sponsorships	-	11,250
Membership dues	22,815	35,425
Tuition revenue	175,200	183,474
Retreat lodging	-	3,600
	<u>265,259</u>	<u>336,205</u>
<u>Net Assets</u>		
Without donor restrictions:		
Undesignated	387,060	376,128
Endowment	3,817,212	3,605,837
	<u>4,204,272</u>	<u>3,981,965</u>
With donor restrictions	<u>52,356</u>	<u>87,171</u>
	<u>4,256,628</u>	<u>4,069,136</u>
	<u>\$ 4,521,887</u>	<u>\$ 4,405,341</u>

See Independent Auditor's Report  
and Notes to Financial Statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

LEADERSHIP OKLAHOMA, INC.

For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES</u></b>			
Contributions:			
General contributions	\$ 340,269	\$ 25,000	\$ 365,269
In-kind contributions	43,732	-	43,732
Special events, net	30,329	-	30,329
Membership dues	53,825	-	53,825
Tuition	179,674	-	179,674
Program fee income	28,882	-	28,882
Investment return, net	315,150	-	315,150
Net assets released from restrictions	59,815	(59,815)	-
	<u>1,051,676</u>	<u>(34,815)</u>	<u>1,016,861</u>
<b><u>EXPENSES</u></b>			
Program services:			
Education forums	407,357	-	407,357
Membership services	301,530	-	301,530
Supporting services:			
Management and general	87,799	-	87,799
Fundraising	32,683	-	32,683
	<u>829,369</u>	<u>-</u>	<u>829,369</u>
<b><u>CHANGE IN NET ASSETS</u></b>	222,307	(34,815)	187,492
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	<u>3,981,965</u>	<u>87,171</u>	<u>4,069,136</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<u>\$ 4,204,272</u>	<u>\$ 52,356</u>	<u>\$ 4,256,628</u>

See Independent Auditor's Report  
and Notes to Financial Statements.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

LEADERSHIP OKLAHOMA, INC.

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUES</u></b>			
Contributions:			
General contributions	\$ 348,045	\$ 88,750	\$ 436,795
In-kind contributions	106,291	-	106,291
Special events, net	16,938	-	16,938
Membership dues	57,375	-	57,375
Tuition	185,200	-	185,200
Program fee income	20,360	-	20,360
Investment return, net	339,736	-	339,736
Net assets released from restrictions	11,579	(11,579)	-
	<u>1,085,524</u>	<u>77,171</u>	<u>1,162,695</u>
<b><u>EXPENSES</u></b>			
Program services:			
Education forums	471,195	-	471,195
Membership services	285,613	-	285,613
Supporting services:			
Management and general	98,418	-	98,418
Fundraising	35,560	-	35,560
	<u>890,786</u>	<u>-</u>	<u>890,786</u>
<b><u>CHANGE IN NET ASSETS</u></b>	194,738	77,171	271,909
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	<u>3,787,227</u>	<u>10,000</u>	<u>3,797,227</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<u>\$ 3,981,965</u>	<u>\$ 87,171</u>	<u>\$ 4,069,136</u>

See Independent Auditor's Report  
and Notes to Financial Statements.

# STATEMENTS OF FUNCTIONAL EXPENSES

## LEADERSHIP OKLAHOMA, INC.

Year Ended June 30, 2025					
	Program Services		Supporting Services		Total
	Education Forums	Membership Services	Management and General	Fundraising	
Salaries and related benefits	\$ 122,666	\$ 140,337	\$ 44,226	\$ 24,301	\$ 331,530
Contract services	3,500	-	-	-	3,500
Copying and printing	1,631	28,224	3,387	323	33,565
Credit card and bank fees	4,904	5,611	1,768	972	13,255
Database system	4,330	10,027	1,561	858	16,776
Depreciation	7,853	8,984	2,831	1,556	21,224
Insurance	3,037	3,474	1,094	602	8,207
Materials and supplies - classes	238,899	-	-	-	238,899
Materials and supplies - membership	-	75,163	-	-	75,163
Meetings	291	333	385	58	1,067
Office supplies	1,175	1,344	423	233	3,175
Other	1,946	2,226	3,280	386	7,838
Postage	797	912	287	158	2,154
Professional fees	-	-	21,822	-	21,822
Advertising and promotion	1,214	7,604	438	241	9,497
Lease expense	11,416	13,061	4,116	2,262	30,855
Telephone	2,421	2,770	872	480	6,543
Travel	1,277	1,460	460	253	3,450
Awards	-	-	849	-	849
Total Functional Expenses	<u>\$ 407,357</u>	<u>\$ 301,530</u>	<u>\$ 87,799</u>	<u>\$ 32,683</u>	<u>\$ 829,369</u>

Year Ended June 30, 2024					
	Program Services		Supporting Services		Total
	Education Forums	Membership Services	Management and General	Fundraising	
Salaries and related benefits	\$ 149,619	\$ 136,282	\$ 51,328	\$ 26,721	\$ 363,950
Contract services	3,500	-	-	-	3,500
Copying and printing	1,741	27,896	4,966	312	34,915
Credit card and bank fees	5,412	5,144	1,837	969	13,362
Database system	3,524	9,430	1,196	631	14,781
Depreciation	10,059	9,562	3,415	1,800	24,836
Insurance	3,470	3,299	1,178	622	8,569
Materials and supplies - classes	268,697	-	-	-	268,697
Materials and supplies - membership	-	66,849	-	-	66,849
Meetings	2,016	1,917	1,435	360	5,728
Office supplies	1,143	1,086	388	204	2,821
Other	2,724	2,590	5,214	488	11,016
Postage	1,139	1,083	387	203	2,812
Professional fees	-	-	19,573	-	19,573
Advertising and promotion	2,307	5,413	783	414	8,917
Rent	12,496	11,879	4,243	2,237	30,855
Telephone	2,354	2,238	799	421	5,812
Travel	994	945	337	178	2,454
Awards	-	-	1,339	-	1,339
Total Functional Expenses	<u>\$ 471,195</u>	<u>\$ 285,613</u>	<u>\$ 98,418</u>	<u>\$ 35,560</u>	<u>\$ 890,786</u>

See Independent Auditor's Report  
and Notes to Financial Statements.



STATEMENTS OF CASH FLOWS

LEADERSHIP OKLAHOMA, INC.

	For the Year Ended June 30,	
	2025	2024
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 187,492	\$ 271,909
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,224	24,836
Unrealized (gain) loss on equity securities	(64,269)	(211,462)
Unrealized (gain) loss on debt securities	(59,978)	(23,601)
Realized (gain) loss on sale of debt securities	15,272	3,549
Realized (gain) loss on sale of equity securities	(114,682)	(20,889)
(Increase) decrease in:		
Accounts receivable	2,400	3,300
Pledges receivable	21,065	(48,421)
Prepaid expenses and refundable deposit	5,611	(4,395)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,033)	26,290
Compensated absences	(845)	2,928
Deferred revenues	(35,734)	12,049
Net Cash Provided (Used) By Operating Activities	<u>(24,477)</u>	<u>36,093</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of investment debt securities	600,573	472,979
Purchase of investment debt securities	(461,304)	(503,013)
Proceeds from sale of investment equity securities	656,796	155,276
Purchase of investment equity securities	(762,337)	(150,129)
Purchase of fixed assets	-	(19,525)
Net Cash Provided (Used) By Investing Activities	<u>33,728</u>	<u>(44,412)</u>
Net Increase (Decrease)	9,251	(8,319)
<u>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</u> <u>AT BEGINNING OF YEAR</u>	<u>686,169</u>	<u>694,488</u>
<u>CASH, CASH EQUIVALENTS AND RESTRICTED CASH</u> <u>AT END OF YEAR</u>	<u>\$ 695,420</u>	<u>\$ 686,169</u>

See Independent Auditor's Report  
and Notes to Financial Statements.

STATEMENTS OF CASH FLOWS

LEADERSHIP OKLAHOMA, INC.

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash payments for operating leases	\$ 33,496	\$ 33,496
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NON-CASH INVESTING AND FINANCING TRANSACTIONS

Operating lease and right of use asset	\$ -	\$ -
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See Independent Auditor's Report  
and Notes to Financial Statements.

## NOTES TO FINANCIAL STATEMENTS

### LEADERSHIP OKLAHOMA, INC.

June 30, 2025

#### NOTE A--SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: 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. The Organization also provides for various membership events and services. The Organization operates under the name "Leadership Oklahoma", and is funded primarily through member and donor contributions, grants, tuition, and other revenues.

Basis of Accounting: The financial statements of Leadership have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities.

Cash and Cash Equivalents: For the purpose of the Statements of Cash Flows, 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.

	<u>2025</u>	<u>2024</u>
Cash	\$587,724	\$599,919
Board designated endowment fund	<u>107,696</u>	<u>86,250</u>
Cash, Cash equivalents and Restricted cash	<u>\$695,420</u>	<u>\$686,169</u>

Investments: Leadership reports its marketable securities as equity and debt securities that are carried in the financial statements at fair value, with realized and unrealized gains and losses reported in the Statements of Activities and Changes in Net Assets. 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.

Pledges Receivable: Pledges and contributions are recorded as revenues when received or upon receipt of an unconditional promise to give. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Leadership did not have any conditional pledges receivable at June 30, 2025 or 2024. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible receivables is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of fund-raising activity. As of June 30, 2025 and 2024, management did not consider such an allowance necessary. The Organization had no bad debt expense for the years ending June 30, 2025 or 2024.

Fixed Assets: 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 been adopted, where additions with an expected useful life of one year or more and greater than \$1,500 are capitalized

NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

and depreciated. Any addition less than this amount will be charged to operations as routine maintenance or supplies.

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 are capitalized and amortized over a five year period using the straight-line method.

Leases: For lease agreements where Leadership is the lessee, a right-of-use ("ROU") asset and lease liability is recognized at lease commencement, which are initially measured at present value of the future lease payments discounted using the risk-free discount rate. Subsequent amortization of the ROU asset and accretion of the lease liability for an operating lease is recognized as a single lease cost, on a straight-line basis, over the lease term. Operating lease ROU assets are assessed for impairment in accordance with Leadership's long-lived asset impairment policy. Finance leases are recognized within property, plant and equipment and depreciated on a straight-line basis over the life of the lease. The liability is included with other current and long term debt.

Leadership reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate contract or upon certain other events that require reassessment.

Maintenance, insurance, and property tax expenses are accounted for on an accrual basis as variable lease cost and expensed in the period incurred.

Leadership has elected the short-term lease expedient. A short-term lease is a lease that, as of the commencement date, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For such leases, Leadership will not apply the recognition requirements of Topic 842 and instead will recognize the lease payments as lease cost over the lease term.

Additionally, Leadership elected the practical expedient under ASU 2018-01, which allows an entity to not reassess whether any existing land easements are or contain leases.

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:

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.

With Donor Restrictions: Represents resources which are received with donor stipulations or have been designated by contributors for use in future years. When a donor time restriction expires or its purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

Support and Revenue: Leadership reports contributions of cash and other assets as increases in net assets without donor restrictions, including contributions received with donor stipulations when 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.

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. See Note G for other Donated services and materials.

Membership dues applicable to the current year are recorded as revenue during the year. Advance payments of dues for the following membership year are reported as deferred revenue and recorded as revenue in the following year. Tuition revenue is recognized during the year as class sessions are completed. Fees and other revenues are recognized at a point in time when the activity or event is held.

Exchange Transactions: Exchange transactions are reciprocal transfers in which each party receives and sacrifices something of equal value. In an exchange transaction, the potential public benefit is secondary to the potential proprietary benefit to the donor. Leadership holds special events in which a portion of the gross proceeds paid by the participant represents payment for the direct costs of the benefits received by the participant at the event. The fair value of meals and entertainment provided at special events is measured at the actual cost. The direct costs of the special events that ultimately benefit the donor are recorded as exchange transaction income and exchange transaction expenses. All proceeds received by Leadership in excess of the direct costs are recorded as special events revenue. Direct costs for special events held during the years ended June 30, 2025 and 2024, and netted against special event revenue on the Statements of Activities and Changes in Net Assets were \$64,836 and \$63,562.

Concentration of Credit Risk: Financial instruments, which potentially subject Leadership to credit risk, consist of cash, accounts receivable, 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 fully federally insured. As of June 30, 2025, Leadership had uninsured excess deposits of \$339,263.

Endowment: Leadership has a board-designated endowment account, administered by a trust company, which consists of corporate and government bonds, common stocks, mutual funds, and cash equivalents. The trust company administers the portfolio in accordance with Leadership's 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

NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

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.

Deferred Revenues: Leadership receives funds for event sponsorships, class tuition, and membership dues that will occur after the financial statement date. These funds are recognized in the Statements of Financial Position as deferred revenue for the full amount received.

	2025	2024
Deferred revenue:		
Beginning of year	\$233,749	\$221,700
End of year	\$198,015	\$233,749

Advertising: Expenses for advertising paid are expensed as incurred.

Functional Allocation of Expenses: The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. 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.

Income Taxes: Leadership, a not-for-profit organization, as defined in Section 501(c)(3) of the Internal Revenue Code, is exempt from federal income taxation pursuant to Section 501(a) of the Code.

Under generally accepted accounting principles in the United States ("GAAP") guidance for income taxes, the organization would record a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. Management's evaluation on June 30, 2025 revealed no tax positions that would have a material impact on the financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to June 30, 2022.

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.

Fair Value Measurements: GAAP defines fair value and establishes a hierarchy for measuring fair value. Fair value is defined 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 fair value hierarchy prioritizes the inputs in the valuation techniques used to measure

NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

fair value into three broad levels. The following is a brief description of those three levels:

- Level 1: Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2: Inputs are inputs other than quoted prices that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3: Inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels. These include investments held directly by Leadership.

Reclassification: Certain amounts in the 2024 financial statements have been reclassified to conform to 2025 presentation. Net assets were not affected because of the reclassification.

NOTE B--ACCOUNTS RECEIVABLE AND PLEDGES RECEIVABLE

Accounts receivable consists of amounts due from members and sponsors.

	<u>2025</u>	<u>2024</u>
Accounts receivable:		
Beginning of year	\$19,481	\$22,781
End of year	\$17,081	\$19,481

Pledges receivable is comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Receivable in less than one year	\$ 30,000	\$ 27,500
Receivable in one to five years	<u>2,500</u>	<u>27,500</u>
	32,500	55,000
Less discounts to net present value	<u>144</u>	<u>1,579</u>
Net unconditional promises to give	<u>\$ 32,356</u>	<u>\$ 53,421</u>

The discount rate used on long-term promises to give was 3% in 2025 and 2024. Management considers the reported amounts to be collectible and an allowance for uncollectible promises would not be material.

As of June 30, 2025, Leadership's pledges receivable was from three Sponsors.

NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

NOTE C--INVESTMENTS

The Board of Directors established an Endowment fund to provide supplemental funding for the programs, projects, and to provide funding during periods when normal funding is insufficient and lifetime memberships contributions received are transferred to the Endowment fund. A 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.

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

	2025		
	Cost	Market	Unrealized Appreciation (Depreciation)
Mutual funds	\$1,015,851	\$1,306,277	\$ 290,426
Common stocks	911,147	1,121,887	210,740
Corporate and U.S. bonds/bills	<u>1,273,035</u>	<u>1,268,202</u>	<u>(4,833)</u>
	<u>\$3,200,033</u>	<u>\$3,696,366</u>	<u>\$ 496,333</u>
	2024		
	Cost	Market	Unrealized Appreciation (Depreciation)
Mutual funds	\$1,129,611	\$1,387,045	\$ 257,434
Common stocks	605,326	784,790	179,464
Corporate and U.S. bonds/bills	<u>1,398,371</u>	<u>1,333,560</u>	<u>(64,811)</u>
	<u>\$3,133,308</u>	<u>\$3,505,395</u>	<u>\$ 372,087</u>

The activity of the Board designated endowment is as follows:

	2025	2024
Beginning of year	\$3,605,837	\$3,359,567
Contributions from operating cash	83,625	88,417
Investment return:		
Interest and dividends	83,544	75,254
Capital gain distributions	3,304	1,636
Gain (loss) on sale of investments	96,107	17,340
Unrealized gain (loss) on investments	124,247	235,011
Trust company fees	(10,545)	(9,854)
Transfers to operating cash	(168,907)	(161,534)
End of year	<u>\$3,817,212</u>	<u>\$3,605,837</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 years average market value of the fund.



NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

NOTE D--FAIR VALUE MEASUREMENTS

Leadership uses quoted market prices to determine the fair value of an asset or liability when available. If quoted market prices are not available, Leadership determines fair value using valuation techniques that use market-based or independently sourced market data, such as interest rates.

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds and Common Stock: The fair value of the assets is from quoted market prices that are actively traded.

Corporate and U.S. Bonds/Bills: The fair value is obtained from the trust company which uses pricing models maximizing the use of observable inputs for similar securities.

There are no investments classified as Level 3.

Fair values of assets measured on a recurring basis at June 30, 2025 and 2024, are as follows:

		Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Other Observable Inputs (Level 2)
June 30, 2025:	<u>Fair Value</u>		
Equity securities:			
Mutual funds	\$1,306,277	\$1,306,277	\$ -
Common stocks	1,121,887	1,121,887	-
Debt securities:			
Corporate bonds	489,629	-	489,629
Government bonds	778,573	-	778,573
Government bills	-	-	-
	<u>\$3,696,366</u>	<u>\$2,428,164</u>	<u>\$1,268,202</u>
June 30, 2024:			
Equity securities:			
Mutual funds	\$1,387,045	\$1,387,045	\$ -
Common stocks	784,790	784,790	-
Debt securities:			
Corporate bonds	525,586	-	525,586
Government bonds	729,769	-	729,769
Government bills	78,205	-	78,205
	<u>\$3,505,395</u>	<u>\$2,171,835</u>	<u>\$1,333,560</u>

NOTE E--FIXED ASSETS

Leadership's fixed assets consist of office equipment, leasehold costs, and website development costs. The asset class balances and accumulated depreciation as of June 30, 2025 and 2024 are reflected on the Statements of Financial Position.

NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

NOTE F--NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Time restricted pledges receivable	\$ 32,356	\$ 53,421
Restricted contribution for various programs	-	3,750
Restricted contribution for adult and youth program	<u>20,000</u>	<u>30,000</u>
	<u>\$ 52,356</u>	<u>\$ 87,171</u>

NOTE G--DONATED SERVICES, FACILITIES AND MATERIALS

Contributed services and in-kind contributions are recognized if they create or enhance nonfinancial assets or require specialized skills and would need to be purchased if not provided by donation. 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 because the criteria for recognition under professional standards have not been satisfied. Some services have been donated which meet the criteria for recognition in the Statements of Activities and Changes in Net Assets and are reported as in-kind contributions.

Leadership's policy is to use contributed nonfinancial assets for programs or other purposes unless the assets have no utility consistent with the Organization's mission, in which case, assets are sold. Revenues from contributions of nonfinancial assets were as follows:

	<u>2025</u>	<u>2024</u>	<u>Usage in Programs/ Activities</u>	<u>Donor- Imposed Restrictions</u>	<u>Fair Value Techniques and Inputs</u>
Copying and printing services	\$ 2,800	\$ 4,375	Management and General	None	Estimates based on US prices of identical or similar goods and services.
Material and supplies	13,211	68,822	Program - Material and supplies - Class	None	Estimates based on US prices of identical or similar goods and services.
Auction items	8,941	4,044	Program - Material and supplies - Membership	None	Estimates based on US prices of identical or similar goods and services.
Venue rental	280	4,750	Program - Material and supplies - Class	None	Estimates based on US prices of identical or similar goods and services.
Video production services	<u>18,500</u>	<u>24,300</u>	Program - Material and supplies - Membership	None	Estimates based on US prices of identical or similar goods and services.
Total	<u>\$ 43,732</u>	<u>\$106,291</u>			

NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

NOTE H--LEASE COMMITMENTS

As of June 30, 2025, Leadership leases office equipment and office space from unrelated parties. Office equipment and office space leases generally have an initial term of 5 years and most leases provide for fixed monthly payments. Many of these leases provide for renewal options. Most leases also obligate Leadership to pay, as lessee, variable lease costs related to maintenance, insurance, and real estate taxes.

Leadership transitioned to ASC 842 on July 1, 2022 on the alternative transition method, which means financial statements for prior periods presented were prepared under the guidance of the previous standard.

As of June 30, 2024 and 2025, the operating leases had a weighted-average remaining lease term of 1 and 2 years, respectively, and a weighted-average discount rate of 2.88%. The discount rate used was based on the 5 Year U.S. Treasury Bill Rate at the date of adoption of the new lease accounting standard.

Future minimum lease commitments under operating leases as of June 30, 2025, were as follows:

2026	\$ 23,211
2027	<u>2,641</u>
	25,852
Less imputed interest	<u>(314)</u>
Present value of operating lease liability	<u>\$ 25,538</u>

NOTE I--EMPLOYEE BENEFIT PLAN

Leadership adopted a defined contribution and salary deferral plan during 2000, 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 for the years ended June 30, 2025 and 2024 was \$17,463 and \$18,959, respectively.

NOTES TO FINANCIAL STATEMENTS--Continued

LEADERSHIP OKLAHOMA, INC.

June 30, 2025

NOTE J--LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Leadership'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.

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 587,724	\$ 599,919
Accounts receivable	17,081	19,481
Pledges receivable, net of unamortized discount	32,356	53,421
Board-designated endowment	<u>3,817,212</u>	<u>3,605,837</u>
	<u>4,454,373</u>	<u>4,278,658</u>
Less those unavailable for general expenditures within one year due to:		
Board-designated endowment	(3,648,305)	(3,444,303)
Pledges receivable collectible after one year	<u>(2,356)</u>	<u>(25,921)</u>
Financial assets available to meet cash needs for General expenditures within one year	<u>\$ 803,712</u>	<u>\$ 808,434</u>

Leadership is primarily supplied through contributions, member dues, class tuition, fees and other revenues, and transfers from the Board-designated endowment fund. See Note C for an analysis of the endowment fund. Leadership 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 Leadership's liquidity management, cash balances in excess of daily requirements are invested in interest-bearing accounts.

NOTE K - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 17, 2025 the date which the financial statements were available to be issued.