

WORKFORCE OUTSOURCE SERVICES, INC

Financial Statements
Years Ended
September 30, 2024 and 2023

WORKFORCE OUTSOURCE SERVICES, INC

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Years Ended
September 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Workforce Outsource Services, Inc.

Opinion

We have audited the accompanying financial statements of Workforce Outsource Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024 and 2023 and 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 Workforce Outsource Services, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Workforce Outsource Services, 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 Workforce Outsource Services, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 generally accepted auditing standards, 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 Workforce Outsource Services, Inc. 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 Workforce Outsource Services, Inc. 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.

A handwritten signature in cursive script that reads "Bernard + Associates CPA's PC".

Berard & Associates, CPA's P.C.
Suffern, New York 10901
January 10, 2025

Workforce Outsource Services, Inc.

Statement of Financial Position

September 30, 2024 and 2023

	2024	2023
Current Assets		
Cash and cash equivalents	\$ 1,084,085	\$ 914,174
Investments	3,336,431	3,739,525
Accounts receivable	1,157,854	2,148,980
Prepaid expenses	66,823	42,006
Due from IRS	2,250,242	2,250,242
Short term loan advances	3,513	2,899
Security deposits	35,480	35,480
Total current assets	<u>7,934,428</u>	<u>9,133,306</u>
Furniture, fixtures & equipment		
Furniture & fixtures	430,009	430,009
Machinery & equipment	48,270	42,330
Equipment in kind contribution	30,000	30,000
Web site development	90,036	90,036
Leasehold improvements	858,166	858,166
Accumulated depreciation	<u>(1,208,760)</u>	<u>(1,112,823)</u>
Net property, plant & equipment	<u>247,721</u>	<u>337,718</u>
Right of use asset	<u>1,109,159</u>	<u>1,557,015</u>
Total assets	<u>\$ 9,291,308</u>	<u>\$ 11,028,039</u>
Current liabilities		
Accounts Payable	\$ 439,462	\$ 485,952
Payroll & payroll tax liabilities	540,504	675,186
Lease liability	<u>482,037</u>	<u>452,952</u>
Total current liabilities	<u>1,462,003</u>	<u>1,614,090</u>
Long term liabilities		
Lease liability	<u>703,183</u>	<u>1,185,220</u>
Total long term liabilities	<u>703,183</u>	<u>1,185,220</u>
Total liabilities	<u>2,165,186</u>	<u>2,799,310</u>
Net assets		
Without donor restrictions		
Board designated- operating reserve	3,060,783	3,617,392
Board designated- expansion	<u>3,478,454</u>	<u>4,328,983</u>
Without donor restrictions	<u>6,539,237</u>	<u>7,946,375</u>
With donor restrictions	<u>586,885</u>	<u>282,354</u>
Total net assets	<u>7,126,122</u>	<u>8,228,729</u>
Total liabilities & net assets	<u>\$ 9,291,308</u>	<u>\$ 11,028,039</u>

See notes to financial statements.

Workforce Outsource Services, Inc.
Statement of Activities
Years Ended September 30, 2024 and 2023

	2024			2023		
	Without-Donor Restriction	With-Donor Restriction	Total	Without-Donor Restriction	With-Donor Restriction	Total
REVENUES AND OTHER SUPPORT						
Charitable contributions-corporations	\$ 595,820	\$ -	\$ 595,820	\$ 816,749	\$ 282,354	\$ 1,099,103
Charitable contributions-other	91,054	-	91,054	106,788	-	106,788
In-kind donations	22,500	-	22,500	43,500	-	43,500
Program services	9,615,527	586,885	10,202,412	12,224,166	-	12,224,166
Interest income	16,399	-	16,399	44,570	-	44,570
Net investment income	212,341	-	212,341	75,783	-	75,783
Employee retention credit	-	-	-	2,551	-	2,551
Net assets released from restrictions	282,354	(282,354)	-	186,963	(186,963)	-
TOTAL REVENUES & OTHER SUPPORT	\$ 10,835,995	\$ 304,531	\$ 11,140,526	\$ 13,501,070	\$ 95,391	\$ 13,596,461
 EXPENSES						
Program expenses	11,196,921	-	11,196,921	13,459,230	-	13,459,230
Fundraising expenses	35,772	-	35,772	36,622	-	36,622
Management & general	1,010,440	-	1,010,440	973,714	-	973,714
TOTAL EXPENSES	12,243,133	-	12,243,133	14,469,566	-	14,469,566
 Changes in net assets	(1,407,138)	304,531	(1,102,607)	(968,496)	95,391	(873,105)
 Net assets, beginning	7,946,375	282,354	8,228,729	8,914,871	186,963	9,101,834
 NET ASSETS, ENDING	\$ 6,539,237	\$ 586,885	\$ 7,126,122	\$ 7,946,375	\$ 282,354	\$ 8,228,729

See notes to financial statements.

Workforce Outsource Services, Inc.
Statement of Functional Expenses
Years Ended September 30, 2024 and 2023

	2024				2023			
	Program Expenses	Management and General	Fundraising Expenses	Expenses	Program Expenses	Management & General	Fundraising Expenses	Expenses
Salaries	\$ 8,259,517	\$ 588,716	\$ 26,729	\$ 8,874,962	\$ 9,857,667	\$ 588,716	\$ 26,729	\$ 10,473,112
Payroll taxes	594,926	44,924	1,925	641,775	742,316	47,513	2,059	791,888
Employee benefits	889,688	67,182	2,879	959,749	905,646	57,968	2,512	966,126
Total salaries & related expenses	<u>9,744,131</u>	<u>700,822</u>	<u>31,533</u>	<u>10,476,486</u>	<u>11,505,629</u>	<u>694,197</u>	<u>31,300</u>	<u>12,231,126</u>
Student transportation & relocation	-	-	-	-	30,978	-	-	30,978
Student education & programs	219,047	-	-	219,047	355,199	-	-	355,199
Sponsor fees	57,297	-	-	57,297	96,555	-	-	96,555
Accounting & legal	-	137,231	-	137,231	-	89,745	-	89,745
Depreciation & amortization	94,018	1,919	-	95,937	109,144	2,227	-	111,371
Travel	157,405	4,971	3,314	165,690	205,821	6,500	4,333	216,654
Insurance	64,388	7,154	-	71,542	61,411	6,824	-	68,235
Office expenses	166,990	55,663	-	222,653	194,259	64,753	-	259,012
Marketing & public relations	77,499	-	-	77,499	139,176	-	-	139,176
Payroll service	-	44,703	-	44,703	-	53,283	-	53,283
Consulting fees	21,030	1,035.00	-	22,065	76,713	-	-	76,713
Occupancy	484,710	53,857	-	538,567	475,991	52,888	-	528,879
Meals & entertainment	-	-	-	-	-	-	-	-
Telephone & computer	26,838	3,085	925	30,848	28,679	3,297	989	32,965
Recruitment	83,568	-	-	83,568	179,675	-	-	179,675
Total expenses by function	<u>11,196,921</u>	<u>1,010,440</u>	<u>35,772</u>	<u>12,243,133</u>	<u>13,459,230</u>	<u>973,714</u>	<u>36,622</u>	<u>14,469,566</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 11,196,921</u>	<u>\$ 1,010,440</u>	<u>\$ 35,772</u>	<u>\$ 12,243,133</u>	<u>\$ 13,459,230</u>	<u>\$ 973,714</u>	<u>\$ 36,622</u>	<u>\$ 14,469,566</u>

See notes to financial statements.

Workforce Outsource Services, Inc.
Statement of Cash Flows
Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,102,607)	\$ (873,105)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation & amortization	95,937	111,371
Interest & dividends received	(145,162)	(100,954)
Realized & unrealized (gain) on investments	(67,937)	(20,726)
(Increase) decrease in receivables	991,126	(371,538)
(Increase) decrease in prepaid expenses	(24,817)	2,261
Decrease in due from IRS	-	4,624
(Increase) in security deposits	-	(997)
(Increase) in operating right of use assets	447,856	(1,621,232)
Increase in operating lease liabilities	(452,952)	1,638,172
Increase (decrease) in accounts payable and payroll liabilities	(181,172)	116,643
Net cash (used) by operating activities	<u>(439,728)</u>	<u>(1,115,481)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Transfers in for the purchase of investments	-	(3,100,003)
Transfers out for to the sale of investments	616,193	4,024
Purchase of fixed assets	(5,940)	(14,085)
Net cash provided (used) by investing activities	<u>610,253</u>	<u>(3,110,064)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loan advances	(614)	(105)
Payment on payroll tax liability	-	(130,268)
Net cash (used) by financing activities	<u>(614)</u>	<u>(130,373)</u>
Net increase(decrease) in cash and cash equivalents	169,911	(4,355,918)
Cash and cash equivalents- beginning	<u>914,174</u>	<u>5,270,092</u>
Cash and cash equivalents-ending	<u>\$ 1,084,085</u>	<u>\$ 914,174</u>
NON-CASH ITEMS:		
In-kind contributions	\$ 22,500	\$ 43,500
Supplemental information:		
Taxes paid	NA	NA
Interest paid	\$ -	\$ -

See notes to financial statements.

WORKFORCE OUTSOURCE SERVICES, INC
d/b/a WORKFORCE OPPORTUNITY SERVICES

Notes to Financial Statements
September 30, 2024 and 2023

NOTE 1: NATURE OF ACTIVITIES

Workforce Outsource Services, Inc. is a non-profit agency, organized October 24, 2005 to provide educational training, professional development and employment to communities including individuals of low income and veterans. During 2024, the organization received 92% of its support from program revenue and 6% from contributions compared to 90% and 9%, respectively, for 2023.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING METHOD

The financial statements are prepared on an accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

REVENUE RECOGNITION

Workforce Outsource Services, Inc.'s revenue is measured based on consideration in a contract signed with a sponsor. The two main components in these contracts are educational, including on-the-job training, and the provision of services building on the education received.

Services

Workforce Outsource Services, Inc.'s service revenue is classified as program revenue. Program revenue is derived from contracts which are conditioned upon certain performance requirements. Amounts received are recognized as revenue when the Organization has performed these services and therefore incurred expenditures in compliance with specific contract provisions.

Amounts received in advance of meeting the criteria for revenue recognition are initially recorded net of Accounts Receivable and recognized as revenue when earned.

Educational Component

The educational component is funded with contributions. Contributions are reported at fair value at the date the contribution is promised. The contributions are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect. Workforce Outsource Services, Inc. assesses its accounts receivable on a monthly basis and established an allowance for credit loss by customer and grantor. This allowance is reevaluated based on current economic conditions. Given that the agency works with reputable vendors that have an established history of making timely payments, no allowance for credit losses was recorded for years ended September 30, 2024 and 2023. There have been no current economic conditions or policy changes that have led to an adjustment to its allowance.

WORKFORCE OUTSOURCE SERVICES, INC
d/b/a WORKFORCE OPPORTUNITY SERVICES

Notes to Financial Statements
September 30, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

DONATED SERVICES AND MATERIALS

The Organization had donated legal services totaling \$22,500 for the year ended September 30, 2024, and \$43,500 for the year ended September 30, 2023. Management assesses value of contributed legal services by utilizing the expected cost to the agency if these services were purchased (fair market value).

LEASES

At the inception of a contract, we assess whether the contract is, or contains, a lease. A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of the above criteria.

For all leases a Right of Use (ROU) asset and lease liability are recognized at the lease commencement date. The lease liability represents the present value of the lease payments under the lease. The ROU asset is initially measured at cost, which includes the initial lease liability, plus any initial direct costs incurred, less any lease incentives received. The lease liability is initially measured as the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the risk-free rate. The Organization recognizes lease liabilities with an initial, individual value of \$50,000 or more.

BASIS OF PRESENTATION:

Workforce Outsource Services, Inc., is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. These classes are defined as follows:

Net assets with donor restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. Workforce Outsource Services, Inc., reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions.

It is the policy of Workforce Outsource Services, Inc., to account for donor restricted funds, which are received and expended in the same year to be recorded as unrestricted.

Net assets without donor restricted

Net assets without donor restrictions are available for use at the discretion of Workforce Outsource Services, Inc., for general operating purposes. The Board has designated a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification

WORKFORCE OUTSOURCE SERVICES, INC
d/b/a WORKFORCE OPPORTUNITY SERVICES

Notes to Financial Statements
September 30, 2024 and 2023

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, consulting fees, office expenses, and insurance, which are allocated on the basis of estimates of time and effort.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization does not believe they have taken any material uncertain tax positions and, accordingly they have not recorded any liability for unrecognized tax benefits.

NOTE 3: DESCRIPTION OF PROGRAMS

Workforce Outsource Services, Inc. trains and employs inner-city, rural and 'underserved' populations. The Organization also provided services for returning enlisted post 9-11 military veterans. The Organization forms strategic relationships with corporations, institutes of higher education, social-ventures and government agencies for training and jobs. The Organization has started expanding to other inner-cities across the country. To date services the Organization has expanded their operation from New York in a number of states such as Florida, Indiana, Alabama, South Carolina, Washington DC, Virginia Michigan, Pennsylvania, North Carolina, Ohio, Texas, Iowa, Georgia, Connecticut, Oregon, Louisiana, California and New Jersey. Products and services include Software Engineering - Technical Specifications and Quality Assurance, Project Management, Database Design, Call Center Operations, Network Administration, Cyber security, Claims processing, Equipment mechanic, Sales Representative, Finance and accounting and E-Commerce Systems.

Workers at the Organization can receive extensive training in all of the above areas through concentrations programs at Columbia University, Rutgers, Penn State, University of Akron, North Carolina Charlotte, Georgia Institute of Technology, Collin College, Universal Technical Institute, North East Iowa College, Western Connecticut State University, El Paso Community College, University of Texas El Paso, University of Michigan – Dearborn, Tennessee State and Louisiana State University. Workforce Outsource Services, Inc. is engaged in research activities and reporting that measure the intellectual, social, and self-esteem of its students engaged in the program.

Workforce Outsource Services also offers a community-based initiative to assist our local community in New York and Dallas to take advantage of opportunities for advancement. This outreach, called WOS in the Community, enables us to provide a variety of training and opportunities to bolster the employment-related skills of residents.

WORKFORCE OUTSOURCE SERVICES, INC
d/b/a WORKFORCE OPPORTUNITY SERVICES

Notes to Financial Statements
September 30, 2024 and 2023

NOTE 3: DESCRIPTION OF PROGRAMS – Continued

Through this effort, we have established the WOS Learning Center to offer free workshops, which can be delivered online or in person, and classes that will help individuals navigate our ever-changing economic landscape. The workshops include Business Writing Essentials; Interviewing in Person and Over the Phone; Professionalism in the Workplace; and other interpersonal skills development such as teamwork, time-management and goal setting. WOS has partnered with Teachers College and created an exclusive Workforce & Education Development Advanced Certificate.

The research results are reported in aggregate and used solely towards the general awareness of how under-served populations respond to assistance and higher education. Research results are also published in academic peer-reviewed journals.

WOS On Demand is a national program to allow sponsoring corporations to assist underserved individuals or small groups as opposed to sponsoring a cohort.

Workforce has established its first Managed Service and Community Center to provide a number of innovative onshore services for client organizations. Located in Dallas, Texas, the Center is already providing IT service desk support (L1-L3) and cybersecurity analytics for, IBM mainframe operations, mechanics skills preparation and IT operations support for sponsors including Microsoft PowerBI. The Center will also provide additional services including:

- Service Desk
- Analytics
- Cyber SOC Services
- Call Center
- Quality Assurance
- Shared Services
- Legacy Application Support

NOTE 4: INVESTMENTS AND FAIR VALUE MEASUREMENT

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At September 30, 2024 and 2023, the Organization's investments consisted of publicly traded securities totaling \$3,336,431 and \$3,739,525. Investments are reported at fair value using a Level 1 measure as summarized below:

	2024	2023
Cash	\$ 11,443	\$ 257,868
Fixed Income	2,741,705	2,934,856
ETF's	75,932	75,507
Mutual Funds	507,351	471,294
Total investments	\$ 3,336,431	\$ 3,739,525

Investment income consisted of dividends earned totaling \$152,205 and \$56,384 for the years ended September 30, 2024 and 2023, respectively; net realized and unrealized gain/(loss) totaling \$67,937 and \$26,281 for the years ended September 30, 2024 and 2023, respectively; and investment fees totaling \$7,801 and \$6,883 for the years ended September 30, 2024 and 2023, respectively.

WORKFORCE OUTSOURCE SERVICES, INC
d/b/a WORKFORCE OPPORTUNITY SERVICES

Notes to Financial Statements
September 30, 2024 and 2023

NOTE 5: CONCENTRATIONS OF RISKS

The Organization maintains cash balances in two banks, Citibank, and J. P. Morgan Chase Bank. The balances at each financial institution are insured by the Federal Deposit Insurance Corporation limit of up to \$250,000 at each bank. On September 30, 2024, the balance did not exceed the FDIC insurance at either bank. In November 2023, the Organization mitigated the overnight element of the concentration of risk by entering into a Sweep agreement with JPMorgan Chase whereby funds in excess of \$25,000 are automatically swept into a US treasury backed money market account overnight.

NOTE 6: LEASES

The Organization leases space, copiers, and other office equipment through various operating lease agreements. The leases expire at various points from 2023 to 2027. There are no renewal options included in its lease agreement that is reasonably certain to be exercised.

While the agreement provides for minimum lease payments, it also includes payments adjusted for certain operating expenses. Variable payments that are not determinable at lease commencement are not included in the measurement of the lease asset and liability. The lease agreement does not include any material residual value guarantees or restrictive covenants.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to all classes of assets.

The Organization elected the practical expedient to not separate lease and non-lease components for real estate and office equipment leases.

Total right-of-use assets and lease liabilities on September 2024 and 2023 are as follows:

	2024	2023
Lease assets – classification in statement of financial position		
Operating right-of-use asset	\$ 1,109,160	\$ 1,557,015
Lease liabilities – Classification in statement of financial position		
Operating lease liabilities	\$ 1,185,220	\$ 1,638,172

The components of operating lease expenses that are included the statement of activities for the year ended September 2024 and 2023 were as follows:

	2024	2023
Operating lease cost	\$ 452,952	\$ 394,124

The following table summarizes the supplemental cash flow information for the year ended September 2024 and 2023:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities	\$ 504,640	\$ 445,922

WORKFORCE OUTSOURCE SERVICES, INC
d/b/a WORKFORCE OPPORTUNITY SERVICES

Notes to Financial Statements
September 30, 2024 and 2023

NOTE 6: LEASES – Continued

Weighted average lease term and discount rate as of September 2024 and 2023 were as follows:

	2024	2023
Weighted-average remaining lease term in year		
Operating right-of-use asset	2.44	3.42
Lease liabilities - Classification in statement of financial position		
Operating lease liabilities	3.89%	3.89%

The future minimum lease payments under noncancelable operating and finance leases are listed below as of September 2024:

September 30,		
2025	\$	516,770
2026		392,366
2027		334,894
Total lease payment		1,244,030
Less: interest portion		(58,810)
Present value of lease liabilities	\$	1,185,220

NOTE 7: BOARD DESIGNATED NET ASSETS

The Organization has determined that it needs cash for operating reserves to cover at least three month's expenses. In addition, the organization has determined that it will utilize its expansion reserves to fund projects such as a) fixed assets for its proposed Managed Service and Community Centers, b) Investments in information technology, e.g., to streamline and scale the recruitment process, c) International expansion, and d) to attract and retain the talent to drive its expansion.

NOTE 8: LINE OF CREDIT

The Organization has a \$1,000,000 line of credit with JP Morgan Chase which is collateralized with the assets for the organization. The balance at September 30, 2024 and 2023 was \$0. The Interest rate is one-month LIBOR plus 2.22%.

NOTE 9: EMPLOYEE BENEFIT PLAN

January 1, 2016, the Organization adopted a 401k pension plan covering all employees who have worked for one year and have completed 1,000 hours of service. Employees are eligible to contribute a percentage of salary to the maximum extent possible and subject to IRS allocation rules. The retirement plan allows for a matching contribution equal to a percentage of an employee's elective deferrals in an amount that the Organization will determine each year. For the plan years ended September 30, 2024 and 2023 the employer match was \$75,219 and \$0, respectively.

WORKFORCE OUTSOURCE SERVICES, INC
d/b/a WORKFORCE OPPORTUNITY SERVICES

Notes to Financial Statements
September 30, 2024 and 2023

NOTE 10: PROPERTY, PLANT AND EQUIPMENT and ORGANIZATIONAL COSTS

Equipment is recorded at cost if purchased or the fair market value at date of contribution. Assets with a cost of \$5,000 or greater are capitalized. Depreciation of equipment is provided on a straight-line basis over the estimated useful lives of the assets. Equipment, furniture and fixtures and the web site are depreciated over three to ten years. Leasehold Improvements are depreciated over the life of the lease.

At September 30, 2024 and 2023, the cost or fair market value of such assets were as follows:

	2024	2023
Equipment	\$ 48,270	\$ 42,330
Furniture and Fixtures	430,009	430,009
Computers Donated	30,000	30,000
Web Site Development	90,036	90,036
Leasehold Improvements	858,166	858,166
Less: Accumulated depreciation	(1,208,760)	(1,112,823)
Net Assets	\$ 247,721	\$ 337,718

Depreciation expense was \$95,937 and \$111,371 for the fiscal years ended September 30, 2024 and 2023, respectively.

NOTE 11: EMPLOYEE RETENTION CREDIT

The Employee Retention Credit is a tax credit created by the U.S. government to encourage smaller businesses to retain employees during COVID-19 shutdowns and slowdown. Business was eligible for tax periods in 2020 & 2021. In most cases tax credits reduce the total amount of taxes owed. In the case of ERC not only does it reduce your taxes owed, but if your taxes owed are reduced to zero you are entitled to compensation above and beyond your original tax liability. Workforce Outsource Services, Inc. has recorded on the Employee Retention Credit as revenue on the statement of activities for a total of \$2,250,272 for the year ended September 30, 2022. As of September 30, 2024 these funds still have yet been received.

NOTE 12: LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Workforce Outsource Services, Inc.'s financial assets as of September 30, 2024 and 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for specific reserve as Board designated. Board designations could be drawn upon if the Board approves that action.

	September 30, 2024	September 30, 2023
Financial assets at year-end:		
Cash	\$ 1,084,085	\$ 914,174
Investments	3,336,431	3,739,525
Accounts receivable	1,157,854	2,148,980
Due from IRS	2,250,242	2,250,242
Financial assets at year end	7,828,612	9,052,921
Less: amount unavailable for general expenditure within one year due to:		
Board Designated for expansion	(3,478,454)	(4,328,983)
Financial assets available to meet cash needs for general expenditure within one year	4,350,158	4,723,938

WORKFORCE OUTSOURCE SERVICES, INC
d/b/a WORKFORCE OPPORTUNITY SERVICES

Notes to Financial Statements
September 30, 2024 and 2023

NOTE 12: LIQUIDITY AND FUNDS AVAILABLE – Continued

Workforce Outsource Services Inc. regularly monitors its cashflow and liquidity needs as part of its financial reporting and analysis. In the event of unanticipated liquidity need, Workforce Outsource Services, Inc. maintains three months of expenses in cash as well as stated in note 8, Workforce Outsource Services, Inc has a line of credit for \$1,000,000 with JP Morgan Chase.

NOTE 13: SUBSEQUENT EVENTS

Subsequent events were evaluated by management through January 10, 2024 which is the date the financial statements were available to be issued.