EISNERAMPER

EXPANDED SCHOOLS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

EXPANDED SCHOOLS, INC.

Contents

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INDEPENDENT AUDITORS' REPORT

Board of Directors
ExpandED Schools, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of ExpandED Schools, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ExpandED Schools, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

The Organization changed one of its accounting principles in fiscal year 2021, which is discussed in Note A[8] to the financial statements. Our opinion is not modified with respect to this matter.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
December 8, 2021

EXPANDED SCHOOLS, INC.

Statements of Financial Position

	June 30, 2021	June 30, 2020
ASSETS		
Cash and cash equivalents	**$ 4,527,342**	$ 4,427,155
Restricted cash equivalents (Note K[1])	**164,409**	164,393
Government grants receivable, net	**6,057,828**	5,504,344
Grants and contributions receivable, net	**944,153**	2,032,467
Contract services receivable	**230,573**	262,223
Prepaid expenses and other assets	**66,130**	18,018
Property and equipment, net	**136,947**	219,685
	$ 12,127,382	$ 12,628,285
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 1,371,527**	$ 917,114
Grants payable	**1,640,722**	1,823,798
Funds received in advance	**25,583**	46,897
Paycheck Protection Program funds received in advance	**-**	774,185
Deferred rent obligation	**181,881**	234,745
	3,219,713	3,796,739
Commitments, contingency and other uncertainty (Note K)		
Net assets:		
Without donor restrictions	**4,950,274**	3,856,193
With donor restrictions for programs	**3,957,395**	4,975,353
	8,907,669	8,831,546
	$ 12,127,382	$ 12,628,285

EXPANDED SCHOOLS, INC.

Statements of Activities

	Year Ended June 30,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government grants	**$ 7,653,737**	**$ -**	**$ 7,653,737**	$ 7,726,465	$ -	$ 7,726,465
Contributions	**1,884,813**	**2,438,195**	**4,323,008**	1,142,829	3,443,487	4,586,316
Contracted services	**813,142**	**-**	**813,142**	523,845	-	523,845
Rental income	**82,612**	**-**	**82,612**	73,706	-	73,706
Donated services	**15,714**	**-**	**15,714**	9,816	-	9,816
Other income	**22,431**	**-**	**22,431**	10,420	-	10,420
Total public support and revenue before releases of restrictions	**10,472,449**	**2,438,195**	**12,910,644**	9,487,081	3,443,487	12,930,568
Net assets released from restrictions	**3,456,153**	**(3,456,153)**	**-**	2,316,563	(2,316,563)	-
Total public support and revenue	**13,928,602**	**(1,017,958)**	**12,910,644**	11,803,644	1,126,924	12,930,568
Expenses:						
Program services	**10,728,254**	**-**	**10,728,254**	9,507,676	-	9,507,676
Management and general	**1,561,784**	**-**	**1,561,784**	1,637,331	-	1,637,331
Fund-raising	**544,483**	**-**	**544,483**	474,826	-	474,826
Total expenses	**12,834,521**	**-**	**12,834,521**	11,619,833	-	11,619,833
Change in net assets	**1,094,081**	**(1,017,958)**	**76,123**	183,811	1,126,924	1,310,735
Net assets, beginning of year	**3,856,193**	**4,975,353**	**8,831,546**	3,672,382	3,848,429	7,520,811
Net assets, end of year	**$ 4,950,274**	**$ 3,957,395**	**$ 8,907,669**	$ 3,856,193	$ 4,975,353	$ 8,831,546

EXPANDED SCHOOLS, INC.

Statements of Functional Expenses

	Year Ended June 30,							
	2021				2020			
	Program Services: Afterschool Programs	Management and General	Fund-Raising	Total	Program Services: Afterschool Programs	Management and General	Fund-Raising	Total
Salaries and wages	$ 2,421,641	$ 859,336	$ 335,811	$ 3,616,788	$ 2,415,564	$ 949,120	$ 263,005	$ 3,627,689
Payroll taxes, fringe benefits and payroll fees	563,507	199,964	78,142	841,613	545,659	214,400	59,411	819,470
Training and development	8,844	3,168	1,188	13,200	15,188	5,968	1,654	22,810
Pension costs	104,372	37,037	14,473	155,882	81,534	32,036	8,878	122,448
Total salaries and related expenses	3,098,364	1,099,505	429,614	4,627,483	3,057,945	1,201,524	332,948	4,592,417
Grants to community-based-organizations	3,538,848	-	-	3,538,848	4,493,129	-	-	4,493,129
Occupancy	456,511	163,526	61,322	681,359	504,921	144,263	72,131	721,315
Telephone	31,205	11,178	4,192	46,575	29,522	8,435	4,217	42,174
Equipment rental	26,269	9,410	3,530	39,209	35,046	10,013	5,007	50,066
Insurance	92,321	33,070	12,401	137,792	94,147	26,899	13,450	134,496
Professional fees	-	61,500	-	61,500	-	61,500	-	61,500
Consultants and contractors	3,040,682	55,743	3,420	3,099,845	854,922	58,344	15,118	928,384
Other program expenses:								
Food	180	-	-	180	34,315	-	-	34,315
Occupancy	-	-	-	-	11,368	-	-	11,368
Supply and incentives	136,142	-	-	136,142	14,637	-	-	14,637
Other	57,042	-	-	57,042	47,724	-	-	47,724
Travel and related costs	3,236	215	188	3,639	84,656	7,023	-	91,679
Office supplies and expense	176,051	47,574	17,840	241,465	163,049	34,494	17,306	214,849
Depreciation and amortization	55,435	19,857	7,446	82,738	74,659	21,331	10,665	106,655
Bad debts	-	17,418	-	17,418	-	33,797	-	33,797
Donated services - legal and IT	-	15,714	-	15,714	-	9,816	-	9,816
Miscellaneous	15,968	27,074	4,530	47,572	7,636	19,892	3,984	31,512
Total expenses	$ 10,728,254	$ 1,561,784	$ 544,483	$ 12,834,521	$ 9,507,676	$ 1,637,331	$ 474,826	$ 11,619,833

EXPANDED SCHOOLS, INC.

Statements of Cash Flows

	Year Ended June 30, 2021	Year Ended June 30, 2020
Cash flows from operating activities:		
Change in net assets	**$ 76,123**	$ 1,310,735
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**82,738**	106,655
Bad debts	**17,418**	33,797
Changes in:		
Government grants receivable	**(570,902)**	(145,795)
Grants and contributions receivable, net	**1,088,314**	397,072
Contracts services receivable	**31,650**	(20,353)
Prepaid expenses and other assets	**(48,112)**	35,730
Accounts payable and accrued expenses	**454,413**	(124,298)
Grants payable	**(183,076)**	(787,998)
Deferred rent obligation	**(52,864)**	5,315
Funds received in advance	**(21,314)**	46,897
Paycheck Protection Program funds received in advance	**(774,185)**	774,185
Net cash provided by operating activities	**100,203**	1,631,942
Cash flows from investing activities:		
Purchases of property and equipment	**-**	(10,220)
Increase in cash and cash equivalents, and restricted cash equivalents	**100,203**	1,621,722
Cash and cash equivalents, and restricted cash equivalents, beginning of year	**4,591,548**	2,969,826
Cash and cash equivalents, and restricted cash equivalents, end of year	**$ 4,691,751**	$ 4,591,548
Supplemental disclosures of cash flow information:		
Donated services	**$ 15,714**	$ 9,816

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] Organization:

ExpandED Schools, Inc. (the "Organization"), was organized under the not-for-profit law of the State of New York on April 2, 1998, and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The mission of the Organization is to close the learning gap by increasing access to enriched education experiences in school, after school and during the summer to ensure that all kids have opportunities to discover their talents and develop their full potential.

The Organization partners with the public and private sectors to provide more and better learning time for students and to provide professional development, technical assistance, financial resources and advocacy to support schools and community-based organizations in establishing and operating high-quality expanded learning programs.

[2] Basis of accounting:

The accompanying financial statements of the Organization have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

[3] Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and support and revenue and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

[4] Cash and cash equivalents:

For financial-reporting purposes, the Organization considers all highly liquid investments, with maturities of three months or less when purchased, to be cash equivalents.

[5] Property and equipment:

Property and equipment are stated at their original costs or if contributed, at their fair value at the date of donation, less accumulated depreciation and amortization. Minor costs of repairs and maintenance are expensed as incurred. The Organization capitalizes items of property and equipment that have a cost of $1,000 or more and a useful life greater than one year. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of the respective assets, which range from three to ten years. Leasehold improvements are amortized over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

Management evaluates the recoverability of the investment in long-lived assets on an on-going basis and recognizes any impairment in the year of determination. There were no triggering events during fiscal-years 2021 or 2020 requiring management to test for impairment that would require any adjustments to property and equipment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[6] Accrued vacation:

Accrued vacation represents the Organization's obligation for the cost of total unused employee vacation time that would be payable in the event of employee departures. At June 30, 2021 and 2020, this accrued vacation obligation was approximately $233,000 and $210,000, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position.

[7] Grants payable:

Unconditional grants to community-based organizations are recognized as an obligation to the Organization at the time they are executed by all parties and are generally payable within one year from the date of execution. The Organization may adjust grant obligations as needed based upon final approval of expenses. Grants payable were approximately $1,641,000 and $1,824,000 at June 30, 2021 and 2020, respectively.

[8] Paycheck Protection Program funds received in advance:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak. During fiscal-year 2020, the Organization applied for and received PPP funds.

There are two acceptable methods for accounting for the PPP funds received under the CARES Act. Entities can elect to treat the funds as a loan or as a conditional contribution. During fiscal year 2020, given guidance from the SBA at the time of the loan origination, the Organization had originally elected to record the PPP funds as a loan under the Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") 470, *Debt*. At the beginning of fiscal year 2021, with further guidance from the SBA on the PPP loan forgiveness program, the Organization elected to change its accounting method for the PPP funds from a loan under FASB's ASC 470 to a conditional contribution under the FASB's ASC 958, *Not-for-Profit Entities*, Subtopic 605. The change in the accounting method resulted in a reclassification of the PPP Loan payable at June 30, 2020 to a PPP funds received in advance in the accompanying statements of financial position. As the PPP funds were a refundable advance as of June 30, 2020, the change in accounting principle had no effect in the change in net assets or the net assets as of and for the year ended June 30, 2020.

The funding is conditional on the Organization using the funds during the elected covered period for qualified expenditures while maintaining certain employment levels. Contributions from the agreement are therefore recognized as revenue when qualifying costs are incurred and conditions have been substantially met, as required by the agreement. For the covered period May 1, 2020 through October 15, 2020, the entire grant of $774,185 was used for qualified expenditures on payroll, and thus was recognized as government grants in the statements of activities for the fiscal year 2021. Subsequent to the 2021 year-end, on July 22, 2021, the Organization received notification of full forgiveness from the bank facilitating the PPP on behalf of SBA.

[9] Deferred rent obligation:

Total rent expense under the lease agreement is amortized using the straight-line method over the term of the lease. The difference between rent expense incurred and the rental amounts paid, which is attributable to scheduled rent increases and abatements, is reported as a deferred rent obligation in the accompanying statements of financial position. Deferred rent was adjusted during fiscal-year 2021 due to the renegotiation of the lease that reduced future payments by 20% (see Note K[1]). Included in the deferred rent obligation of approximately $182,000 and $235,000 at June 30, 2021 and 2020, respectively, is approximately $57,000 and $72,000 of leasehold improvements reimbursed to the Organization by the landlord.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Net assets:

(i) Net assets without donor restrictions:

Net assets without donor restrictions represent those resources that are not subject to donor restrictions and are available for current operations.

(ii) Net assets with donor restrictions:

Net assets with donor restrictions represent those resources for which the use has been restricted by donors to specific purposes and/or a specific period of time. When a donor restriction expires, that is, when a stipulated time restriction ends, or a purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the statements of activities as "net assets released from restrictions." Restricted net assets, the requirements of which are met in the year of donation are reported as net assets without donor restrictions.

[11] Revenue recognition:

(i) Grants and contributions:

Grants and contributions to the Organization are recognized as support upon the receipt of cash or other assets, or of unconditional pledges. Grants and contributions income are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Organization's management or necessary events have taken place. At June 30, 2021 and 2020, grants and contributions of approximately $2,845,000 and $3,836,000 remained conditional, respectively, and accordingly have not been reflected within the accompanying statements of financial position. The Organization recognizes revenue earned from conditional non-exchange transactions when the barrier is satisfied, typically as related costs are incurred or milestones are achieved. Resources provided to the Organization from resource providers prior to the Organization meeting the conditional funding requirements are recognized as funds received in advance in the statements of financial position.

(ii) Revenue from contracts with customers – contracted services:

The Organization receives contracted service fees from various foundations, public charities, and corporations for training, research, and program evaluation services. The Organization recognizes revenue as the performance obligations are met which is the provision of professional services, performed according to the contractual provisions. Fees received in advance are deferred and recognized as revenue when the services are performed. Estimated discounts and refunds are reflected in the allocated consideration.

(iii) Rental income:

Rental income is derived from meeting room rentals and the sublease of the Organization's leased space in accordance with contractual provisions in satisfaction of the performance obligations (see Note K[1]).

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Revenue recognition: (continued)

(iv) Donated services:

For recognition of donated services in the Organization's financial statements, such services must (i) create or enhance non-financial assets and (ii) typically need to be acquired if not provided by donation. Additionally, recognition of donated services must (i) require a specialized skill, and (ii) be provided by individuals possessing these skills. Donated services are recorded as support at their estimated fair values at the dates of donation and are reported as support without donor restrictions. Donated services are reported as contributions and offsetting expenses in the accompanying statements of activities (see Note D).

[12] Functional allocation of expenses:

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. The functional expenses present expenses by functional and natural classification. Accordingly, certain direct costs have been allocated among the program and supporting services based on the nature of this expense. Indirect costs of occupancy, telephone, equipment rental, insurance, office supplies and expenses, and depreciation and amortization have been allocated on the basis of time and effort.

[13] Income tax uncertainties:

The Organization is subject to the provisions of the FASB's ASC Topic 740, *Income Taxes,* relating to accounting and reporting for uncertainty in income taxes. Because of the Organization's general tax-exempt status, management believes ASC Topic 740 has not had, and is not expected to have, a material impact on the Organization's financial statements.

[14] Adoption of accounting principle:

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard permits the use of either the retrospective or cumulative effect transition method. As a result of recent deferrals due to COVID-19, the standard is effective for fiscal years beginning after December 15, 2019; accordingly, the Organization adopted this ASU for its fiscal year ended June 30, 2021 on the retrospective basis. Analysis of the various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue, and therefore, no changes to the previously issued audited financial statements were necessary.

NOTE A - THE ORGANIZATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[15] Upcoming accounting pronouncements:

(i) Accounting Updates to Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets:

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958)*: *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. For each category of contributed nonfinancial assets recognized, not-for-profit organization will need to disclose: (i) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period, if utilized, a description of the programs or other activities in which those assets were used; (ii) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (iii) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; (iv) the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820, *Fair Value Measurement*, at initial recognition; and (v) the principal market (or most advantageous market) used to arrive at a fair value measure, if it is a market in which the recipient entity is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The amendments in this ASU will be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Management is in the process of assessing the impact of this ASU on the financial statements.

(ii) Leases:

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), as amended, which supersedes the current leasing guidance and upon adoption, will require lessees to recognize right-of-use assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard is effective for the Organization for the annual period beginning after December 15, 2021. The statements of financial position amount recorded for existing leases at the date of adoption of ASU 2016-02 will be calculated using the applicable incremental borrowing rate at the date of adoption. Management is currently evaluating the effect that this guidance will have on the financial statements and related disclosures.

[16] Subsequent events:

The Organization evaluated subsequent events through December 8, 2021, the date the financial statements were available to be issued.

EXPANDED SCHOOLS, INC.

Notes to Financial Statements
June 30, 2021 and 2020

NOTE B - RECEIVABLES

[1] Grants and contributions receivable:

At each fiscal year-end, the receivables were estimated to be due as follows:

	June 30, 2021	June 30, 2020
Less than one year	**$ 944,153**	$ 1,745,447
One to three years	**-**	304,500
	944,153	2,049,947
Reduction of pledges due in excess of one year to present value, at discount rate of 3%	**-**	(17,480)
	$ 944,153	$ 2,032,467

Based on management's past experience, contributions and grants receivable are expected to be fully collected, and accordingly, no allowance for doubtful accounts has been established.

[2] Government grants and contracts services receivable:

Government grants and contracts receivable for fiscal-years 2021 and 2020 represent amounts due for services already performed and the amounts are expected to be collected within the upcoming year. On a periodic basis, the Organization evaluates its government grants and contracts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and the grantors' disallowances of certain costs. At June 30, 2021 and 2020, government grants and contracts services receivable were $6,363,401 and $5,841,567, respectively, net of an allowance for doubtful accounts of $75,000 for fiscal-years 2021 and 2020.

NOTE C - PROPERTY AND EQUIPMENT

At each fiscal year-end, property and equipment consisted of the following:

	June 30, 2021	June 30, 2020
Leasehold improvements	**$ 239,873**	$ 239,873
Office furniture and equipment	**159,072**	159,072
Computers and office equipment	**413,803**	413,803
	812,748	812,748
Less: accumulated depreciation and amortization	**(675,801)**	(593,063)
	$ 136,947	$ 219,685

NOTE D - DONATED SERVICES

The Organization helps to implement after-school programs run by various community-based organizations in New York City and provides access to various donated goods and services to many of those organizations. Such resources may include federal snack or supper program, or announcement of drives for donated supplies and materials. The donated snacks and supplies are provided by various donors directly to the community-based organizations, and accordingly do not qualify for recognition within the Organization's financial statements under U.S. GAAP.

In fiscal-years 2021 and 2020, the Organization received approximately $15,700 and $9,800, respectively, in legal, strategic-planning, consulting, and other professional services.

NOTE E - RETIREMENT BENEFITS

The Organization has a defined-contribution pension plan qualified under Section 403(b) of the Code. The plan covers all employees who meet the Organization's length-of-service requirements. Contributions by the Organization are discretionary and can be made only with the Board of Directors' approval. The Organization's contribution for fiscal-years 2021 and 2020 was approximately $156,000 and $122,000, respectively.

NOTE F - RELATED-PARTY TRANSACTIONS

Certain members of the Organization's Board of Directors serve as directors or managers of organizations that receive grants from the Organization. The Organization's Board has a conflict-of-interest policy in place that requires directors and managers to disclose all conflicts or potential conflicts. The Organization's Board has general oversight in the decisions made regarding grant awards, and those members of the Organization's Board and management who may have potential conflicts recuse themselves when there are determinations to be made regarding such potential conflicts. The Organization received approximately $313,000 and $1,000,000 in contributions and grants from Board members, and made grants of approximately $114,000 and $1,224,000 in fiscal-years 2021 and 2020, respectively, to organizations that had governing Board members, or persons of responsibility, in common with the Organization.

NOTE G - SIGNIFICANT SOURCES OF REVENUE

The Organization received grants from the New York City Department of Youth and Community Development ("NYCDYCD") in the amount of approximately $4,069,000 and $4,763,000 during fiscal-years 2021 and 2020, respectively. Such grants represented 32% and 37% of total public support and revenue for fiscal-years 2021 and 2020, respectively.

The Organization received contract agreements from the New York City Department of Education ("NYCDOE") in the amount of approximately $2,067,000 and $2,408,000 during fiscal-years 2021 and 2020, respectively. Such contracts represented approximately 16% and 19% of total public support and revenue in fiscal-years 2021 and 2020, respectively.

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

At each fiscal year-end, net assets with donor restrictions for programs consisted of the following:

	June 30, 2021	June 30, 2020
Every Hour Counts (EHC)	**$ 729,091**	$ 525,899
Expanded Learning & Afterschool programs	**1,036,453**	2,034,865
Pathways program	**203,881**	200,000
Literacy programs	**760,038**	686,270
Science, Technology, Engineering and Math (STEM) Initiative	**1,227,932**	1,528,319
	$ 3,957,395	$ 4,975,353

During each fiscal year, net assets were released from restrictions for the following:

	Year Ended June 30, 2021	Year Ended June 30, 2020
Every Hour Counts (EHC)	**$ 240,433**	$ 441,883
Expanded Learning & Afterschool programs	**1,504,463**	455,734
Pathways program	**200,000**	270,946
Literacy programs	**571,684**	796,230
Science, Technology, Engineering and Math (STEM) Initiative	**939,573**	346,770
Health and fitness programs	**-**	5,000
	$ 3,456,153	$ 2,316,563

NOTE I - CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash-equivalent accounts deposited in financial institutions, the balances of which, from time to time, may exceed federal insurance limits. However, management believes that the Organization does not face a significant risk of loss on these accounts due to the failures of those institutions.

NOTE J - LIQUIDITY AND AVAILABILITY OF RESOURCES

At each fiscal year-end, the Organization's financial assets, reduced by amounts not available within one year of the statements of financial position dates for general expenditures due to donor imposed restrictions, are as follows:

	Year Ended June 30, 2021	Year Ended June 30, 2020
Cash and cash equivalents	**$ 4,527,342**	$ 4,427,155
Government grants receivable, net	**6,057,828**	5,504,344
Grants and contributions receivable, net	**944,153**	2,032,467
Contracts services receivable	**230,573**	262,223
Total financial assets available within one year	**11,759,896**	12,226,189
Less: amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for:		
Purpose	**(3,957,395)**	(4,975,353)
Total amounts unavailable for general expenditures within one year	**(3,957,395)**	(4,975,353)
Total financial assets available to meet cash needs for general expenditures within one year+	**$ 7,802,501**	$ 7,250,836

Liquidity policy:

The Organization maintains a sufficient level of operating cash and cash equivalents, to be available as its general expenditures, liabilities, and other obligations come due as part of the Organization's liquidity management. In addition, the Organization has access to a bank line of credit, as discussed in Note L, which is available for short-term liquidity needs.

NOTE K - COMMITMENTS, CONTINGENCY AND OTHER UNCERTAINTY

[1] Lease commitment:

In July 2017, the Organization entered into a non-cancelable sublease agreement for its office space, located at 11 West 42nd Street in New York City, commencing October 2017 and expiring in March 2025. The lease is subject to escalations for the Organization's pro-rata share of increases in real estate taxes and operating expenses. During fiscal year 2021, the Organization renegotiated the lease. Beginning on February 1, 2021 throughout the remaining term of the lease, the rent was reduced by 20%. However, if the Organization is in default, the 20% rent reduction shall become immediately due and payable by the Organization. In addition, the Organization rents space at various locations on a daily basis for its programs. In lieu of providing a security deposit with the landlord for the Organization's new office space, the Organization maintains a certificate of deposit with a bank in the amount of approximately $164,000.

Year Ending June 30,	Amount
2022	$ 551,193
2023	567,112
2024	567,112
2025	425,334
	$ 2,110,751

NOTE K - COMMITMENTS, CONTINGENCY AND OTHER UNCERTAINTY (CONTINUED)

[2] Lease commitment: (continued)

In July 2018, the Organization entered into a sublease agreement with an unrelated party to provide space under a non-cancelable operating lease, expiring in July 2021. The sublease includes three extensions of one year each and requires annual minimum sublease rental payments of approximately $70,000. In June 2021, the sublease was extended and amended. Beginning on February 1, 2021 throughout the balance of the term of the lease, the rent was reduced by 20% and requires annual minimum sublease rental payments of approximately $60,000. However, if the subtenant is in default, the 20% rent reduction shall become immediately due and payable by the Subtenant. For the fiscal-years 2021 and 2020, respectively, rental income generated from the sublease agreement amounted to approximately $83,000 and $74,000.

[3] Government contracts:

Government grants and contracts are subject to audit by the funding sources. Such audit might result in disallowances of costs submitted for reimbursement. Management believes that such cost disallowances, if any, will not have a material effect on the accompanying financial statements.

[4] Other contracts:

The Organization has entered into various contracts and agreements in the normal course of business operations, which are renewable year-to-year.

[5] Other uncertainty:

The extent of the impact of the COVID-19 outbreak on the operational and financial performance of the Organization will depend on the continued future developments, including the duration and spread of the outbreak and related advisories and restrictions and the impact of COVID-19 on the overall availability of contributions toward the Organization's programs, which are highly uncertain and cannot be predicted. If contributions toward the Organization's programs are impacted for an extended period, results of operations may be materially adversely affected.

NOTE L - LINE OF CREDIT

The Organization maintained a $1,500,000 revolving line of credit with JPMorgan Chase Bank, N.A. The line of credit bore interest at the LIBOR rate plus 3.10% per annum and expired in July 2021. In July 2021, the Organization renewed the $1,500,000 revolving line of credit with the bank. The line of credit bears interest at the LIBOR rate plus 3.00% per annum and expires in July 2022.