EXPANDED SCHOOLS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

ExpandED Schools, Inc.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
ExpandED Schools, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ExpandED Schools, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

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, 2023 and 2022, 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.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 the Organization'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 the Organization'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.

EisnerAmper LLP

EISNERAMPER LLP
New York, New York
December 6, 2023

ExpandED Schools, Inc.

Statements of Financial Position

	June 30, 2023	June 30, 2022
ASSETS		
Cash and cash equivalents	**$ 2,413,136**	$ 4,962,734
Restricted cash equivalents (see Note L[1])	**166,071**	164,426
Government grants receivable, net	**7,015,027**	7,066,902
Grants and contributions receivable	**1,268,540**	1,305,259
Contract services receivable	**311,205**	336,972
Investments	**4,163,106**	-
Prepaid expenses and other assets	**120,393**	109,009
Right-of-use asset - operating lease	**903,540**	-
Property and equipment, net	**50,640**	88,065
	$ 16,411,658	$ 14,033,367
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	**$ 1,333,758**	$ 1,269,768
Grants payable	**1,841,228**	1,804,599
Funds received in advance	**24,801**	28,870
Deferred rent obligation	**-**	145,568
Operating lease liability	**996,876**	-
	4,196,663	3,248,805
Commitments and contingency (see Note L)		
Net assets:		
Without donor restrictions:		
Board designated funds	**300,000**	-
Undesignated funds	**6,613,682**	6,159,237
Total net assets without donor restrictions	**6,913,682**	6,159,237
With donor restrictions:		
Purpose restrictions	**5,301,313**	4,625,325
	12,214,995	10,784,562
	$ 16,411,658	$ 14,033,367

See notes to financial statements.

ExpandED Schools, Inc.

Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Government grants	**$ 8,026,116**	**$ -**	**$ 8,026,116**	$ 7,976,992	$ -	$ 7,976,992
Contributions	**1,942,488**	**4,241,947**	**6,184,435**	901,920	3,610,270	4,512,190
Contracted services	**731,553**	**-**	**731,553**	983,490	-	983,490
Special events (net benefits to donors of $48,041 and $39,342 in fiscal-years 2023 and 2022, respectively)	**439,798**	**-**	**439,798**	366,301	-	366,301
Rental income	**75,855**	**-**	**75,855**	65,609	-	65,609
Donated services	**16,769**	**-**	**16,769**	9,518	-	9,518
Other income	**65,326**	**-**	**65,326**	6,176	-	6,176
Total public support and revenue before releases of restrictions	**11,297,905**	**4,241,947**	**15,539,852**	10,310,006	3,610,270	13,920,276
Net assets released from restrictions	**3,565,959**	**(3,565,959)**	**-**	2,942,340	(2,942,340)	-
Total public support and revenue	**14,863,864**	**675,988**	**15,539,852**	13,252,346	667,930	13,920,276
Expenses:						
Program services	**11,493,372**	**-**	**11,493,372**	9,939,247	-	9,939,247
Management and general	**1,854,002**	**-**	**1,854,002**	1,578,301	-	1,578,301
Fund-raising	**762,045**	**-**	**762,045**	525,835	-	525,835
Total expenses	**14,109,419**	**-**	**14,109,419**	12,043,383	-	12,043,383
Increase in net assets	**754,445**	**675,988**	**1,430,433**	1,208,963	667,930	1,876,893
Net assets, beginning of year	**6,159,237**	**4,625,325**	**10,784,562**	4,950,274	3,957,395	8,907,669
Net assets, end of year	**$ 6,913,682**	**$ 5,301,313**	**$ 12,214,995**	$ 6,159,237	$ 4,625,325	$ 10,784,562

See notes to financial statements.

ExpandED Schools, Inc.

Statements of Functional Expenses

	Year Ended June 30,							
	2023				2022			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Afterschool Programs	Management and General	Fund-raising	Total	Afterschool Programs	Management and General	Fund-raising	Total
Salaries and wages	$ 3,476,925	$ 1,039,522	$ 475,716	$ 4,992,163	$ 2,614,955	$ 842,022	$ 286,157	$ 3,743,134
Payroll taxes, fringe benefits and payroll fees	879,445	262,934	120,326	1,262,705	627,065	201,916	68,620	897,601
Training and development	11,598	3,645	1,325	16,568	17,246	5,420	1,971	24,637
Pension costs	113,901	34,054	15,584	163,539	115,572	37,214	12,647	165,433
Total salaries and related expenses	4,481,869	1,340,155	612,951	6,434,975	3,374,838	1,086,572	369,395	4,830,805
Grants to community-based organizations	3,888,740	-	-	3,888,740	3,896,993	-	-	3,896,993
Occupancy	373,743	133,878	50,204	557,825	409,844	146,810	55,054	611,708
Telephone	44,149	15,815	5,930	65,894	32,411	11,610	4,354	48,375
Equipment rental	27,119	9,714	3,643	40,476	25,239	9,041	3,390	37,670
Insurance	87,351	31,290	11,734	130,375	100,938	36,157	13,559	150,654
Professional fees	-	69,100	-	69,100	-	64,200	-	64,200
Consultants and contractors	1,932,890	141,026	10,689	2,084,605	1,701,409	149,838	35,319	1,886,566
Other program expenses:								
Food	53,608	1,049	2,267	56,924	3,513	190	2,879	6,582
Occupancy	126,623	-	-	126,623	-	-	-	-
Supply and incentives	30,226	-	-	30,226	21,635	-	-	21,635
Conference and meeting fees	134,152	-	-	134,152	-	-	-	-
Other	80,302	24,545	14,014	118,861	168,635	-	-	168,635
Travel and related costs	27,717	2,856	110	30,683	5,097	224	-	5,321
Office supplies and expense	176,783	41,856	15,695	234,334	145,546	25,632	9,612	180,790
Food and venue for special events	-	-	48,041	48,041	-	-	39,342	39,342
Depreciation and amortization	25,076	8,981	3,368	37,425	32,751	11,732	4,399	48,882
Bad debts	-	-	12,674	12,674	-	8,750	-	8,750
Donated services - legal and IT	-	16,769	-	16,769	-	9,518	-	9,518
Miscellaneous	3,024	16,968	18,766	38,758	20,398	18,027	27,874	66,299
Total expenses	11,493,372	1,854,002	810,086	14,157,460	9,939,247	1,578,301	565,177	12,082,725
Less: direct benefits to donors	-	-	(48,041)	(48,041)	-	-	(39,342)	(39,342)
Total expenses per statement of activities	$ 11,493,372	$ 1,854,002	$ 762,045	$ 14,109,419	$ 9,939,247	$ 1,578,301	$ 525,835	$ 12,043,383

ExpandED Schools, Inc.

Statements of Cash Flows

	Year Ended June 30, 2023	2022
Cash flows from operating activities:		
Increase in net assets	**$ 1,430,433**	$ 1,876,893
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	**37,425**	48,882
Bad debts	**12,674**	8,750
Noncash lease amortization	**495,012**	-
Changes in:		
Government grants receivable	**39,201**	(1,017,824)
Grants and contributions receivable	**36,719**	(361,106)
Contracts services receivable	**25,767**	(106,399)
Prepaid expenses and other assets	**(11,384)**	(42,879)
Accounts payable and accrued expenses	**63,990**	(101,759)
Grants payable	**36,629**	163,877
Deferred rent obligation	**-**	(36,313)
Operating lease liability	**(547,244)**	-
Funds received in advance	**(4,069)**	3,287
Net cash provided by operating activities	**1,615,153**	435,409
Cash flows from investing activities:		
Purchases of investments	**(5,013,106)**	-
Proceeds from sales of investments	**850,000**	-
Net cash used in investing activities	**(4,163,106)**	-
Change in cash and cash equivalents, and restricted cash equivalents	**(2,547,953)**	435,409
Cash and cash equivalents, and restricted cash equivalents, beginning of year	**5,127,160**	4,691,751
Cash and cash equivalents, and restricted cash equivalents, end of year	**$ 2,579,207**	$ 5,127,160
Supplemental disclosure of cash flow information:		
Donated services	**$ 16,769**	$ 9,518
Noncash lease liability arising from obtaining right-of-use asset	**$ 1,544,120**	$ -

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] Investment:

During fiscal-year 2023, the Organization invested in a money market fund. The Organization's investment in a money market fund is reported at its fair value in the statements of financial position based on quoted market prices.

The Organization's investments, in general, are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost basis to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned. Investment fees are embedded in money market fund transactions.

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

[6] 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 2023 or 2022 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.

[7] 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, 2023 and 2022, this accrued vacation obligation was approximately $328,000 and $229,000, respectively, and was reported as part of accounts payable and accrued expenses in the accompanying statements of financial position.

[8] 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 $1,841,000 and $1,805,000 at June 30, 2023 and 2022, respectively. There were no conditional grants awarded during fiscal-years 2023 and 2022.

[9] Leases:

The Organization determines if an arrangement is a lease at inception. For the Organization's operating lease, a right-of-use ("ROU") asset represents the Organization's right to use an underlying asset for the lease term and an operating lease liability represents an obligation to make lease payments arising from the lease. The ROU asset and lease liability are recognized at the lease commencement date based on the present value of lease payments over the lease term. Since the Organization's lease agreement does not provide an implicit interest rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of the lease payments. Operating lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectations regarding the terms. Variable lease costs, such as common area charges, are expensed as incurred.

[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. The Board of Directors established a fund derived from surplus revenue generated from contracted service for urgent work required by program teams.

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

[10] Net assets: (continued)

(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, 2023 and 2022, grants and contributions of approximately $1,504,000 and $2,261,000 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 L[1]).

(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 donated services and offsetting expenses in the accompanying statements of activities (see Note E).

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

[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 Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("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 February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases,* to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months on the statements of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. The Organization elected to adopt ASU 2016-02 as of July 1, 2022 on a prospective basis.

The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating lease as an operating lease under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether classification of the operating leases would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

The new lease standard also provides practical expedients for an entity's ongoing accounting. The Organization elected the short-term lease recognition exemption, under which the Organization will not recognize right-of-use assets or lease liabilities on new or existing short-term leases. Short-term leases are defined as those with a term of 12 months or less. The Organization also elected the practical expedient to not separate lease and non-lease components for certain classes of assets.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 (a) a lease liability of $1,544,120 which represented the present value of the remaining lease payments of $1,559,558 discounted using the Organization's incremental borrowing rate of 2.85%, and (b) a right-of-use asset of $1,398,552. This standard did not have a material impact on the Organization's statements of financial position or cash flows from operations and had no impact on the Organization's statements of activities. The most significant impact was the recognition of a ROU asset and lease obligation for an operating lease for fiscal year-end 2023.

[15] Subsequent events:

The Organization evaluated subsequent events through December 6, 2023, the date the financial statements were available to be issued.

NOTE B - RECEIVABLES

[1] Grants and contributions receivable:

At June 30, 2023 and 2022, grants and contributions receivable due within one year were $1,268,540 and $1,305,259, respectively.

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 contract services receivable:

Government grants and contract services receivable for fiscal-years 2023 and 2022 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 contract services 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, 2023 and 2022, government grants receivable were $7,015,027 and $7,066,902, respectively, net of an allowance for doubtful accounts of $75,000 for fiscal-years 2023 and 2022.

NOTE C - INVESTMENTS

At June 30, 2023, investments consisted of the following:

	Fair Value	Cost
Money market fund - JPM Federal MM Fund	**$ 4,163,106**	**$ 4,163,106**

During fiscal year 2023, investment earnings consisted of interest income of $64,285 and are also included in the balances reported as other income on the statement of activities.

FASB's ASC Topic 820, *Fair Value Measurements,* establishes a three-level valuation hierarchy of fair value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for identical investments at the reporting date.

Level 2: Valuations are based on: (i) quoted prices for similar investments in active markets; (ii) quoted prices for those investments or similar investments in markets that are not active; or (ii) pricing inputs other than quoted prices that are directly or indirectly observable on the reporting date.

Level 3: Valuations are based on unobservable pricing inputs and include situations where: (i) there is little, if any, market activity for the investments; or (ii) the investments cannot be independently valued.

The Organization's investments were valued entirely as Level 1 of the fair value hierarchy as of June 30, 2023.

The availability of market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE D - PROPERTY AND EQUIPMENT

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

	June 30, 2023	June 30, 2022
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	**(762,108)**	(724,683)
	$ 50,640	$ 88,065

NOTE E - DONATED SERVICES

The tables below disclose the in-kind donations received in each fiscal year, as well as the valuation techniques and inputs, and the utilization in accordance with ASU 2020-07:

Year Ended June 30, 2023

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Legal services	$ 16,769	Utilized in operations for various administrative matters	N/A	Donated services are considered to reflect fair market rates for services performed in the New York marketplace

Year Ended June 30, 2022

	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and inputs
Legal services	$ 9,518	Utilized in operations for various administrative matters	N/A	Donated services are considered to reflect fair market rates for services performed in the New York marketplace

NOTE F - 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 2023 and 2022 was approximately $164,000 and $165,000, respectively.

NOTE G - 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 $250,000 and $235,000 in contributions and grants from Board members, and made grants of approximately $158,000 and $126,000 in fiscal-years 2023 and 2022, respectively, to organizations that had governing Board members, or persons of responsibility, in common with the Organization.

NOTE H - 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 $5,395,000 and $4,989,000 during fiscal-years 2023 and 2022, respectively. Such grants represented 35% and 36% of total public support and revenue for fiscal-years 2023 and 2022, respectively.

The Organization received contract agreements from the New York City Department of Education ("NYCDOE") in the amount of approximately $2,055,000 and $2,437,000 during fiscal-years 2023 and 2022, respectively. Such contracts represented approximately 13% and 18% of total public support and revenue in fiscal-years 2023 and 2022, respectively.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

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

	Year Ended June 30, 2023	Year Ended June 30, 2022
Every Hour Counts (EHC)	**$ 861,879**	$ 1,256,154
Expanded Learning and Afterschool programs	**1,101,917**	1,243,014
Pathways program	**219,587**	545,351
Literacy programs	**8,270**	433,836
Science, Technology, Engineering and Math (STEM) Initiative	**1,027,930**	1,146,970
High Impact Tutoring	**2,081,730**	-
	$ 5,301,313	$ 4,625,325

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	Year Ended June 30, 2023	Year Ended June 30, 2022
Every Hour Counts (EHC)	**$ 1,098,639**	$ 247,999
Expanded Learning and Afterschool programs	**782,045**	853,718
Pathways program	**525,764**	203,881
Literacy programs	**425,566**	485,242
Science, Technology, Engineering and Math (STEM) Initiative	**733,945**	1,151,500
	$ 3,565,959	$ 2,942,340

NOTE J - CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash-equivalents deposited in a financial institutions in amounts which, at times, may exceed federal insurance limits. However, based on the current Federal Deposit Insurance Coverage, management monitors the risk associated with concentrations on an ongoing basis and believes that the Organization does not face a significant risk of loss on these accounts that might result from the failure of the financial institution.

NOTE K - 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, 2023	Year Ended June 30, 2022
Cash and cash equivalents	**$ 2,413,136**	$ 4,962,734
Government grants receivable, net	**7,015,027**	7,066,902
Grants and contributions receivable	**1,268,540**	1,305,259
Contracts services receivable	**311,205**	336,972
Investments	**4,163,106**	-
Total financial assets available within one year	**15,171,014**	13,671,867
Less: amounts unavailable for general expenditures within one year, due to:		
Restricted by donors for:		
Purpose	**(5,301,313)**	(4,625,325)
Total amounts unavailable for general expenditures within one year	**(5,301,313)**	(4,625,325)
Total financial assets available to meet cash needs for general expenditures within one year	**$ 9,869,701**	$ 9,046,542

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 M, which is available for short-term liquidity needs.

NOTE L - COMMITMENTS AND CONTINGENCY

[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 in 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, which is included as restricted cash in the statements of financial position.

Information relating to the "lease costs", which includes all costs during the period associated with an operating lease as well as the costs related to variable lease components:

	June 30,	
	2023	**2022**
Operating lease costs	**$ 529,547**	$ 529,547
Variable lease costs	**28,278**	82,161
Total lease cost	**$ 557,825**	$ 611,708

Future annual minimum rental commitments, for the fiscal years ending subsequent to June 30, 2023, are as follows:

Year Ending June 30,	Amount
2024	**$ 567,112**
2025	**425,334**
Total minimum lease payments	**992,446**
Add: rent incentives	**27,596**
Less: amount representing interest	**(23,166)**
Amount reported on statements of financial position	**$ 996,876**

The table below presents additional information related to the Organization's lease for the fiscal year ended June 30, 2023:

Weighted average remaining lease term:	
Operating lease	1.75 years
Weighted average discount rate:	
Operating lease	2.85%

NOTE L – COMMITMENTS AND CONTINGENCY (CONTINUED)

[1] 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, which expired in July 2021. The sublease includes three extension options 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 2023 and 2022, respectively, rental income generated from the sublease agreement amounted to approximately $76,000 and $66,000.

[2] Government grants:

Government grants are subject to audit by the funding sources. Such audits 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.

[3] Other contracts:

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

NOTE M - LINE OF CREDIT

The Organization maintains a $1,500,000 revolving line of credit with JPMorgan Chase Bank, N.A. The line of credit expires in June 2024 at the adjusted Secured Overnight Financing Rate ("SOFR") plus 3.00% per annum.