

READ WORKS



Audited Financial Statements

August 31, 2020 and 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ReadWorks, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of ReadWorks, Inc. (the "Organization"), which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

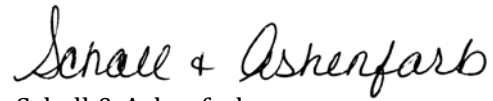
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide 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 ReadWorks, Inc. as of August 31, 2020 and 2019, 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.



Schall & Ashenfarb
Certified Public Accountants, LLC

June 17, 2021

READWORKS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2020 AND 2019

	<u>8/31/20</u>	<u>8/31/19</u>
Assets		
Cash and cash equivalents	\$816,933	\$176,737
Investments (Note 3)	232,158	221,424
Pledges receivable (Note 4)	312,626	423,430
Prepaid expenses	60	5,797
Security deposits	0	8,800
Fixed assets, net (Note 5)	<u>9,969</u>	<u>7,154</u>
Total assets	<u><u>\$1,371,746</u></u>	<u><u>\$843,342</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$31,981	\$55,694
Deferred revenue	25,000	0
Paycheck Protection Program loan (Note 6)	<u>161,610</u>	<u>0</u>
Total liabilities	<u>218,591</u>	<u>55,694</u>
Net assets:		
Without donor restrictions (Note 7)		
Operating	675,997	(26,097)
Board designated	<u>232,158</u>	<u>221,424</u>
Total without donor restrictions	<u>908,155</u>	<u>195,327</u>
With donor restrictions (Note 8)	<u>245,000</u>	<u>592,321</u>
Total net assets	<u>1,153,155</u>	<u>787,648</u>
Total liabilities and net assets	<u><u>\$1,371,746</u></u>	<u><u>\$843,342</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	Without Donor Restrictions		With Donor Restrictions	Total 8/31/20	Total 8/31/19
	Operations	Board Designated			
Public support and revenue:					
Contributions	\$2,292,597		\$2,292,597	\$245,000	\$2,537,597
Contract services	38,700		38,700		38,700
Licensing income	24,750		24,750		24,750
Net investment income (Note 3)	1,619	\$10,734	12,353		12,353
Miscellaneous income	1,000		1,000		1,000
Net assets released from restrictions	592,321		592,321	(592,321)	0
Total public support and revenue	2,950,987	10,734	2,961,721	(347,321)	2,614,400
Expenses:					
Program services:					
Curriculum	355,224		355,224		355,224
Teacher training	280,451		280,451		280,451
Online delivery, assessment and evaluation	971,810		971,810		971,810
Client development	307,058		307,058		307,058
Total program services	1,914,543	0	1,914,543	0	1,914,543
Supporting services:					
Management and general	166,602		166,602		166,602
Fundraising	167,748		167,748		167,748
Total supporting services	334,350	0	334,350	0	334,350
Total expenses	2,248,893	0	2,248,893	0	2,248,893
Change in net assets	702,094	10,734	712,828	(347,321)	365,507
Net assets - beginning of year	(26,097)	221,424	195,327	592,321	787,648
Net assets - end of year	\$675,997	\$232,158	\$908,155	\$245,000	\$1,153,155

The attached notes and auditor's report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions			With Donor Restrictions	Total
	Operations	Board Designated	Total		
Public support and revenue:					
Contributions	\$951,302		\$951,302	\$1,000,000	\$1,951,302
Licensing income	27,000		27,000		27,000
Investment income (Note 3)	(876)	\$12,273	11,397		11,397
Miscellaneous income	1,846		1,846		1,846
Net assets released from restrictions	607,679		607,679	(607,679)	0
Total public support and revenue	1,586,951	12,273	1,599,224	392,321	1,991,545
Expenses:					
Program services:					
Curriculum	269,859		269,859		269,859
Teacher training	219,477		219,477		219,477
Online delivery, assessment and evaluation	1,047,514		1,047,514		1,047,514
Client development	347,045		347,045		347,045
Total program services	1,883,895	0	1,883,895	0	1,883,895
Supporting services:					
Management and general	177,498		177,498		177,498
Fundraising	143,302		143,302		143,302
Total supporting services	320,800	0	320,800	0	320,800
Total expenses	2,204,695	0	2,204,695	0	2,204,695
Change in net assets	(617,744)	12,273	(605,471)	392,321	(213,150)
Net assets - beginning of year	591,647	209,151	800,798	200,000	1,000,798
Net assets - end of year	(\$26,097)	\$221,424	\$195,327	\$592,321	\$787,648

The attached notes and auditor's report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	Program Services					Supporting Services				
	Curriculum	Teacher Training	Online Delivery, Assessment & Evaluation	Client Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 8/31/20	Total Expenses 8/31/19
Salaries	\$253,199	\$229,157	\$682,183	\$177,222	\$1,341,761	\$34,000	\$55,255	\$89,255	\$1,431,016	\$1,167,310
Payroll taxes and benefits	33,771	30,564	90,988	23,638	178,961	4,535	7,370	11,905	190,866	161,042
Total personnel expenses	286,970	259,721	773,171	200,860	1,520,722	38,535	62,625	101,160	1,621,882	1,328,352
Professional fees and services	35,582	214	151,090	72,678	259,564	92,857	100,228	193,085	452,649	595,580
Occupancy	20,036	13,357	20,036	6,679	60,108	3,339	3,339	6,678	66,786	72,221
Curriculum materials	2,265				2,265			0	2,265	3,865
Insurance	5,790	3,860	5,790	1,930	17,370	965	965	1,930	19,300	11,010
Membership fees			13,633	19,227	32,860	3,595	0	3,595	36,455	54,609
Miscellaneous	477	413	972	253	2,115	9,741	79	9,820	11,935	6,418
Communications and IT	871	580	871	290	2,612	145	145	290	2,902	6,097
Printing	1,155	770	1,155	385	3,465	193	193	386	3,851	4,226
Office supplies and equipment	145	131	391	102	769	2,885	32	2,917	3,686	2,720
Conferences	1,000			3,921	4,921	1,408		1,408	6,329	664
Postage and shipping			59		59	763	43	806	865	1,266
Travel	480	995	3,420	416	5,311	2,586		2,586	7,897	8,785
Bank charges						9,551		9,551	9,551	4,698
Total expenses before depreciation	354,771	280,041	970,588	306,741	1,912,141	166,563	167,649	334,212	2,246,353	2,100,511
Depreciation	453	410	1,222	317	2,402	39	99	138	2,540	104,184
Total expenses	<u>\$355,224</u>	<u>\$280,451</u>	<u>\$971,810</u>	<u>\$307,058</u>	<u>\$1,914,543</u>	<u>\$166,602</u>	<u>\$167,748</u>	<u>\$334,350</u>	<u>\$2,248,893</u>	<u>\$2,204,695</u>

The attached notes and auditor's report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED AUGUST 31, 2019

	Program Services				Supporting Services				Total Expenses 8/31/19
	Curriculum	Teacher Training	Online Delivery, Assessment & Evaluation	Client Development	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$169,462	\$155,951	\$609,019	\$176,043	\$1,110,475	\$26,035	\$30,800	\$56,835	\$1,167,310
Payroll taxes and benefits	23,379	21,515	84,020	24,287	153,201	3,592	4,249	7,841	161,042
Total personnel expenses	192,841	177,466	693,039	200,330	1,263,676	29,627	35,049	64,676	1,328,352
Professional fees and services	42,943	15,811	241,343	68,667	368,764	128,643	98,173	226,816	595,580
Occupancy	10,485	9,649	37,680	10,891	68,705	1,610	1,906	3,516	72,221
Curriculum materials	3,865				3,865			0	3,865
Insurance	1,598	1,471	5,744	1,660	10,473	246	291	537	11,010
Membership fees			5,980	47,718	53,698		911	911	54,609
Miscellaneous	200			406	606	5,203	609	5,812	6,418
Communications and IT	885	815	3,181	919	5,800	136	161	297	6,097
Printing	1,077			37	1,114	820	2,292	3,112	4,226
Office supplies and equipment	231	212	830	240	1,513	1,165	42	1,207	2,720
Conferences				115	115	499	50	549	664
Postage and shipping					0	927	339	1,266	1,266
Travel	609	134	5,361	350	6,454	1,601	730	2,331	8,785
Bank charges					0	4,698		4,698	4,698
Total expenses before depreciation	254,734	205,558	993,158	331,333	1,784,783	175,175	140,553	315,728	2,100,511
Depreciation	15,125	13,919	54,356	15,712	99,112	2,323	2,749	5,072	104,184
Total expenses	\$269,859	\$219,477	\$1,047,514	\$347,045	\$1,883,895	\$177,498	\$143,302	\$320,800	\$2,204,695

The attached notes and auditor's report are an integral part of these financial statements.

READWORKS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED AUGUST 31, 2020 AND 2019

	8/31/20	8/31/19
Cash flows from operating activities:		
Change in net assets	\$365,507	(\$213,150)
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating activities:		
Depreciation	2,540	104,184
Realized and unrealized gain on investments	(6,084)	(5,283)
Changes in assets and liabilities:		
Pledges receivable	110,804	(223,430)
Prepaid expenses	5,737	8,534
Security deposits	8,800	0
Accounts payable and accrued expenses	(23,713)	2,545
Deferred revenue	25,000	0
Paycheck Protection Program loan	161,610	0
Total adjustments	284,694	(113,450)
Net cash flows provided by/(used for) operating activities	650,201	(326,600)
Cash flows from investing activities:		
Purchases of fixed assets	(5,355)	(3,728)
Purchases of investments (dividends re-invested)	(4,650)	(6,990)
Net cash flows used for investing activities	(10,005)	(10,718)
Net increase/(decrease) in cash and cash equivalents	640,196	(337,318)
Cash and cash equivalents - beginning of year	176,737	514,055
Cash and cash equivalents - end of year	\$816,933	\$176,737

No interest or taxes were paid.

The attached notes and auditor's report are an integral part of these financial statements.

READWORKS, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020 AND 2019

Note 1 - Nature of Entity

ReadWorks, Inc. (the “Organization”) was formally introduced in November 2010. ReadWorks is committed to solving America’s reading comprehension crisis and student achievement gap. Driven by cognitive science research, ReadWorks creates world class content, teacher guidance, and integrated tools that improve teacher effectiveness and student achievement.

Reading is the key to learning, yet 65% of all 4th graders and 64% of all 8th graders cannot read and comprehend at grade level. The numbers are more sobering for low-income students, where 80% of 4th graders and 79% of 8th graders cannot read and comprehend at grade level. These statistics reflect a national crisis. Research shows that when students are not proficient readers by 4th grade, they are less likely to complete high school, with lifelong economic and civic consequences. Although millions of dollars have been poured into solving this crisis, the needle has not moved significantly, especially for the most at-risk students.

This crisis did not, and does not, have to be this severe. Cognitive science research about reading and teacher practice has surfaced methods that build crucial reading ability, even for the most struggling learners. ReadWorks supports four critical aspects of reading comprehension proven by this research: building background knowledge, growing vocabularies, increasing reading quantity, and strengthening strategic reading. ReadWorks helps teachers apply the science behind these four areas through content, tools, and teacher guidance - for free.

ReadWorks offers the largest, highest-quality library of curated nonfiction and fiction texts in the country with research-based curricular supports and formative assessments. We also offer digital tools for differentiation to help teachers support all of their students, including English language learners, struggling students, and reluctant readers. Our digital tools include eBooks, human-voice audio, variable audio speed, text magnification, and more—all for free and easily accessible online. We also offer free training through webinars.

It is this unique combination of high-quality content, easy-to-use features and tools, and teacher guidance that has created our incredible community of over 1.2 million educators and helped us to reach over 17 million students each year, enabling greater impact than other organizations.

The client development program includes all of the efforts to find and build viable business partnerships including technology partners, content partners, professional development partners and research partners. The goals of these initiatives are to enrich our education program offerings and perhaps provide introductions to potential funders or funding ideas.

ReadWorks has innovative partnerships with the most prestigious museums and cultural institutions in the country including the American Museum of Natural History, MoMA, The NY Historical Society, to name a few and has been supported by the Brooke Astor Fund for NY City Education, the Bill and Melinda Gates Foundation and the Robert and Ardis James Foundation.

ReadWorks also provides unrivaled efficiency and return-on-investment, providing an entire year's worth of ReadWorks at a cost of approximately \$1.87 per teacher per year or 13 cents per student per year.

The primary sources of revenue for the organization are contributions and content sub-licensing agreements.

The Organization has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c) 3 of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective September 1, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "Topic 606"). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective September 1, 2019, the Organization adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("Topic 605"). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, the Organization evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, the Organization applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way the Organization recognizes revenue.

b. Basis of Presentation

As a not-for-profit organization, the Organization reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use. The Board of Directors has designated the investment account as a board designated reserve fund.
- *Net Assets With Donor Restrictions* – relates to contributions of cash or other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time.

c. Revenue Recognition

The Organization has adopted Topic 606 using the modified retrospective method applied to all contracts after September 1, 2019 and continues to use legacy GAAP for all contracts before September 1, 2019.

The Organization has the following types of revenue that fall under Topic 606: licensing income and contract services. Each source of revenue is analyzed to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

The Organization receives licensing income in exchange for the right of a third party to access the Organization's educational materials. Licensing income is recognized as performance obligations are met by the Organization by making the materials available to third parties over the course of the fiscal year.

Contract services are recognized as revenue when the performance obligation is met at the time the Organization provides services as detailed in the contract to the third party.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the statement of activities. However, when a restriction is met in the period the contribution is received, it is recorded as net assets without donor restrictions.

Revenue from non-exchange transactions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments or release from obligations.

Unconditional promises to give are recorded at net realizable value if expected to be received in less than one year, or at fair value using a risk-adjusted discount rate if expected to be received in greater than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Outstanding receivables from fees, contributions, and grants are reviewed on an annual basis and an allowance for doubtful accounts is maintained based on historical trends and past collection data to assess the likelihood of future payments. As of August 31, 2020 and 2019, no allowance was deemed necessary.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash, money market accounts and investment securities, which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. A portion of the funds is not insured; however, the Organization has not experienced any losses from these accounts.

The market value of investments is subject to fluctuation; however, management believes the investment policy is prudent for the long-term welfare of the Organization.

f. Investments

Investments with readily available market prices are carried at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities. See Note 3 for additional information.

g. Fixed Assets

Fixed assets over \$1,000 to which the Organization retains title and capital items purchased, which benefit future periods, are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets consist of furniture, equipment, computers, computer software, and website costs, which are carried at cost and depreciated over their estimated useful lives using the straight-line method.

h. In-Kind Contributions

Organizations are required to recognize contributions of services at fair value if they create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contributions.

i. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

j. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The following costs are allocated by time and effort:

- Salaries
- Payroll taxes and benefits
- Occupancy
- Insurance
- Communications and IT
- Office supplies and equipment
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

k. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending August 31, 2017 and later are subject to examination by applicable taxing authorities.

l. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the August 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the combining statement of activities and additional disclosures.

The Organization is in the process of evaluating the impact this standard will have on future statements.

Note 3 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All investments consist of a fixed income securities mutual fund which was measured using Level 1 inputs.

Net investment income consists of the following:

	<u>8/31/20</u>	<u>8/31/19</u>
Interest and dividend income – investments	\$5,894	\$5,818
Interest income – money market	375	296
Realized gain on investments	8,770	3,589
Unrealized (loss)/gain on investments	<u>(2,686)</u>	<u>1,694</u>
Total	<u>\$12,353</u>	<u>\$11,397</u>

Note 4 - Pledges Receivable

Pledges receivable are expected to be collected in the following periods:

		<u>8/31/20</u>	<u>8/31/19</u>
Year ending:	August 31, 2020	\$0	\$423,430
	August 31, 2021	212,626	0
	August 31, 2022	<u>100,000</u>	<u>0</u>
		<u>\$312,626</u>	<u>\$423,430</u>

Due to its immaterial nature, a discount to present value has not been recorded.

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>8/31/20</u>	<u>8/31/19</u>	<u>Estimated Useful Life</u>
Computers and software	\$67,914	\$62,559	3-5 years
Website	<u>608,825</u>	<u>608,825</u>	3 years
	676,739	671,384	
Less: accumulated depreciation	<u>(666,770)</u>	<u>(664,230)</u>	
Total fixed assets, net	<u>\$9,969</u>	<u>\$7,154</u>	

Note 6 - Paycheck Protection Program Loan

During the year ended August 31, 2020, the Organization obtained a loan from the SBA through the Paycheck Protection Program. Terms of the loan indicated that if certain conditions were met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are not less than pre-determined historical periods, that the loan, or a portion thereof, could be forgiven. Portions that are not forgiven will be payable over a five-year period, with a ten-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

The Organization expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution.

Note 7 - Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following:

	<u>8/31/20</u>	<u>8/31/19</u>
Operating:		
Net investments in fixed assets	\$9,969	\$7,154
Undesignated funds	<u>666,028</u>	<u>(33,251)</u>
	675,997	(26,097)
Board designated	<u>232,158</u>	<u>221,424</u>
Net assets without donor restrictions	<u>\$908,155</u>	<u>\$195,327</u>

Note 8 - Net Assets with Donor Restrictions

Net assets with donor restrictions can be summarized as follows:

	<u>August 31, 2020</u>			
	<u>9/1/19</u>	<u>Contributions</u>	<u>Released</u>	<u>8/31/20</u>
Programs	\$492,321	\$45,000	(\$492,321)	\$45,000
Time periods	<u>100,000</u>	<u>200,000</u>	<u>(100,000)</u>	<u>200,000</u>
Total	<u>\$592,321</u>	<u>\$245,000</u>	<u>(\$592,321)</u>	<u>\$245,000</u>

	<u>August 31, 2019</u>			
	<u>9/1/18</u>	<u>Contributions</u>	<u>Released</u>	<u>8/31/19</u>
Programs	\$0	\$1,000,000	(\$507,679)	\$492,321
Time periods	<u>200,000</u>	<u>0</u>	<u>(100,000)</u>	<u>100,000</u>
Total	<u>\$200,000</u>	<u>\$1,000,000</u>	<u>(\$607,679)</u>	<u>\$592,321</u>

Note 9 - Commitments and Contingencies

The Organization's previously leased a facility on a month-to-month lease. During the year ended August 31, 2020, the Organization vacated the facility.

In the normal course of business, the Organization could be subject to claims, lawsuits, and other matters that are subject to uncertain future events. Management has not been advised by legal counsel that there are any matters that are probable of future payouts and no reserves have been established.

Note 10 - Retirement Plan

The Organization has a retirement plan under IRS Section 403(b). Eligible employees may contribute pre-tax amounts of their salary up to IRS maximum limits. No employer contributions are required to be made.

Note 11 - Liquidity and Availability of Financial Resources

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, the Organization operates its programs within a board approved budget, relies on contributions, and earned income to fund its operations and program activities.

The following reflects the Organization's financial assets that are available to meet cash needs for general expenditures within one year of the date of the statement of financial position:

	<u>8/31/20</u>	<u>8/31/19</u>
Financial assets at year-end:		
Cash and cash equivalents	\$816,933	\$176,737
Investments	232,158	221,424
Pledge receivables – due in one year	<u>212,626</u>	<u>423,430</u>
Total financial assets	<u>1,261,717</u>	<u>821,591</u>
Less amounts not available for general expenditures:		
Donor-imposed restrictions – Program	0	(492,321)
Board designated fund	232,158	(221,424)
Net asset with donor restrictions - programs	<u>45,000</u>	<u>0</u>
Total amount not available for general expenditures:	<u>(277,158)</u>	<u>(713,745)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$984,559</u>	<u>\$107,846</u>

Note 12 - Subsequent Events

Management has evaluated the impact of all subsequent events through June 17, 2021, which is the date that the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

Note 13 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted, however supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.