HealthCorps, Inc.

Financial Report
June 30, 2020

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
HealthCorps, Inc.

Report on the Financial Statements
We have audited the accompanying financial statements of HealthCorps, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 HealthCorps, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information
We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

New York, New York
September 29, 2020

HealthCorps, Inc.

Statement of Financial Position
June 30, 2020
(With Summarized Comparative Information as of June 30, 2019)

		2020		2019
Assets				
Cash and cash equivalents	**$**	**2,857,493**	$	2,244,079
Grants, contracts and contributions receivable		**474,826**		952,125
Prepaid expenses		**89,061**		58,574
Property and equipment, net		**59,851**		85,383
Security deposits and other assets		**105,403**		134,835
Total assets	**$**	**3,586,634**	$	3,474,996
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	**$**	**67,642**	$	193,352
Deferred revenue		**419,790**		392,582
Deferred rent obligation		**43,389**		74,061
Capital lease obligations		**54,570**		76,834
Security deposits payable		**200**		200
Total liabilities		**585,591**		737,029
Commitments and contingencies				
Net assets:				
Without donor restrictions		**2,570,073**		2,572,967
With donor restrictions		**430,970**		165,000
Total net assets		**3,001,043**		2,737,967
Total liabilities and net assets	**$**	**3,586,634**	$	3,474,996

See notes to financial statements.

HealthCorps, Inc.

Statement of Activities
Year Ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Summarized Comparative Information
Support and revenue:				
Grants and contracts	**$ -**	**$ 4,109,482**	**$ 4,109,482**	$ 1,480,595
Contributions	**1,497,424**	**-**	**1,497,424**	1,341,514
Special events	**650,836**	**-**	**650,836**	1,093,798
Program services	**260,000**	**-**	**260,000**	260,000
Rental income and other income	**13,090**	**-**	**13,090**	196,018
Net assets released from restrictions used for programs	**3,843,512**	**(3,843,512)**	**-**	-
Total support and revenue	**6,264,862**	**265,970**	**6,530,832**	4,371,925
Operating expenses:				
Program services	**5,675,811**	**-**	**5,675,811**	2,915,406
General and administrative	**480,983**	**-**	**480,983**	461,165
Fundraising	**110,962**	**-**	**110,962**	553,016
Total operating expenses	**6,267,756**	**-**	**6,267,756**	3,929,587
Change in net assets	**(2,894)**	**265,970**	**263,076**	442,338
Net assets:				
Beginning	**2,572,967**	**165,000**	**2,737,967**	2,295,629
Ending	**$ 2,570,073**	**$ 430,970**	**$ 3,001,043**	$ 2,737,967

See notes to financial statements.

HealthCorps, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)

	2020				2019
	Program Services	General and Administrative	Fundraising	Total	Summarized Comparative Information
Payroll, payroll taxes and benefits	$ 2,301,336	$ 146,061	$ 54,905	$ 2,502,302	$ 2,222,528
Curriculum and educational material	182,782	-	-	182,782	229,838
Grants	2,701,041	-	-	2,701,041	-
Outside service contracts	162,628	69,697	-	232,325	201,897
Travel and meetings	16,406	3,194	1,176	20,776	48,708
Payroll administrative fee	10,856	1,248	469	12,573	15,929
Professional fees	60,777	11,833	4,357	76,967	109,560
Marketing and promotion	18,325	7,635	4,581	30,541	58,182
Rent, parking and utilities	125,592	24,452	9,003	159,047	207,954
Office expense	14,197	125,216	946	140,359	140,482
Telecommunications	12,559	2,445	900	15,904	13,955
Insurance	48,644	9,471	3,487	61,602	78,452
Postage	2,796	1,646	200	4,642	8,976
Depreciation and amortization	17,872	7,660	-	25,532	71,218
Bad debt expense	-	70,425	-	70,425	45,860
Subtotal	5,675,811	480,983	80,024	6,236,818	3,453,539
Direct cost of special events	-	-	30,938	30,938	476,048
Total expenses	$ 5,675,811	$ 480,983	$ 110,962	$ 6,267,756	$ 3,929,587

See notes to financial statements.

HealthCorps, Inc.

Statement of Cash Flows
Year Ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)

		2020		2019
Cash flows from operating activities:				
Change in net assets	**$**	**263,076**	$	442,338
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization		**25,532**		71,218
Decrease in deferred rent obligation		**(30,672)**		(26,865)
Change in operating assets and liabilities:				
Decrease (increase) in grants, contracts and contributions receivable		**477,299**		(400,089)
Increase in prepaid expenses		**(30,487)**		(34,861)
Decrease (increase) in security deposits and other assets		**29,432**		(90,108)
(Decrease) increase in accounts payable and accrued expenses		**(125,710)**		17,346
Increase in deferred revenue		**27,208**		391,082
Decrease in security deposits payable		**-**		(2,000)
Net cash provided by operating activities		**635,678**		368,061
Cash flows from financing activities:				
Principal payments on capital lease obligations		**(22,264)**		(14,137)
Net cash used in financing activities		**(22,264)**		(14,137)
Net change in cash and cash equivalents		**613,414**		353,924
Cash and cash equivalents:				
Beginning		**2,244,079**		1,890,155
Ending	**$**	**2,857,493**	$	2,244,079

See notes to financial statements.

Note 1. Organization

HealthCorps, Inc. (the Organization) is a corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization was founded in 2003 by cardio-thoracic surgeon Dr. Mehmet Oz and is a national non-profit organization devoted to strengthening communities with the most innovative wellness approaches to make the next generation more resilient. The Organization shares life and cost saving skills with students, educators and other adults in resilience, nutrition and fitness to make people stronger both mentally and physically.

The Organization executes its mission through school and community programming and events, research and advocacy.

Living Labs: For over a decade, the Organization has placed full-time Coordinators in high-need high schools across the nation to deliver its skills-based curriculum in the classroom, after school clubs, guest speakers, lunchroom demonstrations and school-wide and community events such as health fairs and public CPR trainings. The schools, now lower through high school, serve as “Living Labs” through which the Organization explores the complex, underlying causes of the country’s resilience crisis to discover solutions that can be replicated nationwide.

The Living Lab Coordinator model has since launched in a non-school site, specifically housing for homeless women. Additionally, HealthCorps officially added a Regional Living Lab Coordinator model to its programming. The Regional Living Lab Coordinator delivers programming to both students and educators at more than one school.

The Organization curriculum is aligned with National Health Education Standards and vetted through a board of medical experts. The curriculum is revised every other year based upon feedback from the Living Labs. Through a partnership with CK-12, a California based non-profit, HealthCorps distributes free, interactive and customizable versions of the curriculum.

HealthCorps University: The Organization conducts programming called HealthCorps University (HCU), an intense one-day professional development program that certifies participants to bring the Organization curriculum to their school, organization or community.

Since 2003, the Organization has operated programming in 23 states impacting approximately 2.5 million students.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net asset classifications: Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

Note 2. Summary of Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. Net assets subject to donor-imposed stipulations that must be held in perpetuity by the Organization. Generally, the donors permit the Organization to use or expend all or part of the income earned on those assets to support current operations or program purposes and, accordingly, income would be recorded as with donor restrictions until the purpose is satisfied. The Organization did not have net assets held in perpetuity as of June 30, 2020 and 2019.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, and revenue and expenses recognized during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: Cash and cash equivalents on the statement of financial position include highly liquid investments with initial maturities of three months or less.

Support and revenue: Contributions received are recorded as without donor restrictions or with donor restrictions support, depending on the existence and/or nature of any donor restrictions. All donor-restricted revenue is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenue or gains in the period acknowledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are carried at net present value less an estimate made for doubtful promises based on a review of all outstanding promises on a periodic basis. Management determines the allowance for doubtful accounts by using the historical experience applied to an aging of promises. Promises are written off when deemed uncollectible.

The Organization receives grants from governmental agencies and other sources for various purposes. Grant awards earned but not yet received are accrued to the extent unreimbursed expenses have been incurred for the purposes specified by the approved grants. The Organization defers grant revenue received under approved awards to the extent they exceed expenses incurred for the purposes specified under the grant purposes. These funds are reported as refundable advances; however, there were none as of June 30, 2020 and 2019.

Grants, contracts and contributions receivable: Grants, contracts and contributions receivable are comprised primarily of amounts due to the Organization from grantor agencies. Receivable balances due in more than one year are reported at their outstanding balances discounted to their net present value based on a risk adjusted rate that the Organization could secure when the support and revenue is initially received. Allowance for doubtful accounts is provided by management based on the Organization’s experience with the funders and their ability to pay. The Organization evaluates grants, contracts and contributions receivable for collectability on a case-by-case basis.

Property and equipment: Property and equipment are recorded at cost or, if donated, at fair value on the date of donation. The Organization’s policy for capitalization of property and equipment is limited to purchases of $1,500 and more with a useful life greater than one year. Property and equipment are depreciated on the straight-line method over the estimated useful lives of the assets, which range from two to seven years.

Note 2. Summary of Significant Accounting Policies (Continued)

Functional allocation of expenses: Expenses are reported as decreases in net assets without donor restrictions. The cost of providing the various program and supporting services of the Organization have been summarized on a functional basis in the accompanying financial statements. Certain costs and expenses have been allocated between program services and supporting services on a reasonable basis, as determined by management. Expenses, such as occupancy cost, salaries and benefits, office expenses and insurance, etc. are allocated based on time and effort.

Advertising costs: Advertising costs are charged to operations when incurred. For the years ended June 30, 2020 and 2019, advertising costs were $30,542 and $58,182, respectively.

Income taxes: The Organization qualifies as a charitable organization as defined by IRC Section 501(c)(3) and, accordingly, is exempt from federal income taxes under IRC Section 501(a). The Organization is also exempt from New York State and New York City income taxes. The Organization is not classified as a private foundation. As a not-for-profit organization, the Organization is subject to unrelated business income tax (UBIT), if applicable. For the years ended June 30, 2020 and 2019, the Organization did not owe any UBIT.

Management has evaluated the Organization's tax positions and has concluded that the Organization had taken no uncertain income tax positions that require adjustments or disclosures to the financial statements. Generally, the Organization is no longer subject to income tax examinations by U.S. federal, state, or local tax authorities for tax years before 2017, which is the standard statute of limitations look-back period.

Comparative information: The financial statements include certain prior-year summarized comparative information in total but not by net asset or by functional expense classifications. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2019, from which the summarized information was derived.

Recently issued accounting pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement 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. In March 2019, the FASB issued ASU 2019-01, *Leases (Topic 842) Codification Improvements*, which exempts entities from having to provide the interim disclosures required by Accounting Standard Codification (ASC) 250-10-50-3 in the fiscal year in which an organization adopts the new leases standard. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, which defers the effective date of ASU 2016-02 for the Organization to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact of pending adoption of the new standard on the financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative-effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 by one year, making it effective for annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, which defers the effective date of ASU 2016-02 for the Organization to fiscal years beginning after December 15, 2019. The Organization is currently evaluating the transition method and the effect that the standard will have on the Organization's financial statements.

Recently adopted accounting pronouncement: In August 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The guidance in this ASU provides a framework for determining whether a transaction should be accounted for as an exchange transaction or as a contribution. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The new standard was effective for annual reporting periods beginning after June 15, 2018. The Organization adopted the guidance in this standard in the current year using modified prospective basis. The amendments in the ASU were applied only to the portion of revenue not yet recognized before the effective date and did not have a material impact on the financial statements.

Note 3. Grants, Contracts and Contributions Receivable

Outstanding grants, contracts and contributions receivable were as follows as of June 30, 2020 and 2019:

	2020	2019
Receivables due in less than one year	$ 553,679	$ 997,985
Allowance for uncollectible receivables	(78,853)	(45,860)
	$ 474,826	$ 952,125

At June 30, 2020, grants, contracts and contributions receivable totaling $349,449 were due from one governmental agency and two private donors. As of June 30, 2019, grants, contracts and contributions receivable totaling $413,449 were due from one governmental agency and one private donor.

In addition to the receivables noted above, as of June 30, 2020 and 2019, certain donors provided conditional contributions to the Organization of $3,300,000 and $250,000, respectively. These conditional contributions have not been recognized in the accompanying financial statements as they do not meet the criteria for recognition of contributions revenue under FASB ASC 958-605 as of June 30, 2020 and 2019. Revenue on these contributions will be recognized in future periods when the conditions for payment have been substantively met by the Organization.

Note 4. Property and Equipment, Net

As of June 30, 2020 and 2019, property and equipment are comprised of the following:

	2020	2019	Estimated Useful Life (in Years)
Furniture and fixtures	$ 34,283	$ 34,283	5-7
Equipment	96,231	156,309	2-7
	130,514	190,592	
Less accumulated depreciation and amortization	(70,663)	(105,209)	
Total property and equipment	$ 59,851	$ 85,383	

For the years ended June 30, 2020 and 2019, depreciation and amortization expense amounted to $25,532 and $71,218, respectively.

Note 5. Line of Credit

The Organization entered a line of credit on April 24, 2018, with borrowings capacity up to $500,000. Interest is payable at a variable interest rate equal to the LIBOR, plus 6.50%, which was 8.90% as of June 30, 2019. The line of credit expired on May 3, 2020. As of June 30, 2019, there was no outstanding balance on the line of credit.

The Organization renewed the line of credit on July 15, 2020, with borrowings capacity up to $750,000. Interest is payable at a variable interest rate equal to the LIBOR, plus 6.50%, which was 7.05% as of June 30, 2020. As of June 30, 2020, there was no outstanding balance on the line of credit.

Note 6. Paycheck Protection Program

In May 2020, the Organization received $359,790 in funding from the U.S. Small Business Administration (SBA) under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan, or a portion thereof, is eligible for forgiveness by the SBA if the qualifying entity meets certain conditions. Whether an entity qualifies for a PPP loan, and it meets the necessary conditions for forgiveness, requires careful consideration of the PPP requirements and the individual entity's facts and circumstances. As of June 30, 2020, the Organization has not applied for loan forgiveness. The loan has been accounted for in accordance with ASC 958 as a conditional grant, in line with FASB guidance for treatment of PPP loans, and is presented within the deferred revenue line item in the statement of financial position. The Organization expects to demonstrate all loan requirements for full forgiveness in fiscal year 2021.

Note 7. Commitments and Contingencies

Operating lease commitments: The Organization occupies office facilities in New York and California under operating leases that expire at various dates, with the latest in September 2021. The New York lease is subject to rent escalations and subjects the Organization to pro rata share of operating expenses.

For the years ended June 30, 2020 and 2019, rent expense amounted to $150,958 and $198,998, respectively.

As part of the Organization's New York office lease agreement, the Organization obtained an active letter of credit amounting to $38,372 in lieu of a cash security deposit.

Note 7. Commitments and Contingencies (Continued)

The Organization subleased the New York office and is subject to rent escalations. The sublease agreement expires in September 2021. The sublease agreement required a security deposit of $47,575 from the subtenant. During fiscal year 2018, the Organization used the security deposit of $47,575 for delinquent 2018 rent payments owed by the subtenant. During fiscal year 2019, the Organization entered into litigation regarding rent owed, and other matters, as the subtenant has since vacated the premises as of November 2018. There has been no update on the litigation in fiscal year 2020.

Rental income for the two sublease agreements amounted to $0 and $191,668 for the years ended June 30, 2020 and 2019, respectively, which is included as rental income and other income in the statement of activities. Sublease rent receivable of $144,900, net of an allowance as of June 30, 2020, and 2019 of $69,432 and $40,000, respectively, is included in security deposits and other assets on the statement of financial position. The amount of this receivable reflects management's assessment of the facts and circumstances surrounding the amounts owed by the sub-lessee; however, it is reasonably possible the estimate could change materially in the near-term.

As of June 30, 2020, future aggregate minimum lease payments under these leases are as follows:

Years ending June 30:		
2021	$	186,171
2022		39,627
	$	225,798

Deferred rent consists of the excess of the rental expenses on a straight-line basis over the payments required by the lease, and lease incentive received from landlord for a portion of the leasehold improvement cost incurred by the Organization in the New York office. As of June 30, 2020 and 2019, there was $43,389 and $74,061, respectively, of deferred rent obligation included on the statement of financial position.

Capital lease commitment: The Organization entered into noncancelable capital lease agreements for printers and office equipment. The assets and liabilities under the capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the assets.

The assets are amortized over the lower of the related lease term or their estimated productive lives. Amortization of assets under capital lease is included in depreciation and amortization expense in the statement of functional expenses at June 30, 2020 and 2019.

The following is a summary of computer and office equipment held under the capital lease at June 30, 2020:

Computer and office equipment	$	78,630
Less accumulated amortization		(9,339)
	$	69,291

Note 7. Commitments and Contingencies (Continued)

Present value of minimum capital lease payments as of June 30, 2020, is as follows:

Years ending June 30:		
2021	$	12,840
2022		12,840
2023		12,840
2024		12,840
2025		3,210
	$	54,570

The Organization received risk-free rate of interest on the capital leases. Interest expense on the capital leases amounted to $0 for the both years ended June 30, 2020 and 2019.

The Organization is subject to audits from various funding organizations that support its programs. The grants are subject to adjustments for disallowed costs, if any, based upon the results of the audits.

The Organization operates programs funded by state grants that are renewed annually depending on the availability of funds and the Organization's compliance with requirements of the contracts and grants. Therefore, annual funding under these grants is not guaranteed.

Note 8. Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2020 and 2019, amounted to $430,970 and $165,000, respectively, and are restricted for various school and educational programs.

The release of net assets with donor restrictions as of June 30, 2020 and 2019, consists of $3,843,512 and $1,082,850, respectively, for various school and educational programs during the year ended June 30, 2020.

Note 9. Concentrations of Credit Risk

The Organization maintained its cash balances in two financial institutions in 2020, and one financial institution in 2019. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 at the financial institutions. At times, during the year, such cash balances may exceed the FDIC limit. As of June 30, 2020 and 2019, the Organization's cash balance exceeded the FDIC limit in one financial institution. The Organization has not experienced any losses in such accounts in the past.

Note 10. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets available within one year of the balance sheet date for general expenditures over the next 12 months, reduced by amounts not available for general use because of contractual or donor-imposed restrictions in excess of one year of the balance sheet date, comprise the following as of June 30, 2020:

Cash and cash equivalents	$ 2,857,493
Grants, contracts and contributions receivable	474,826
Total financial assets	3,332,319
Less those unavailable for general expenditures within one year:	
Donor-restricted assets	(490,970)
Financial assets available to meet cash needs for general expenditure within one year	$ 2,841,349

The Organization regularly monitors the cash balance to ensure sufficient liquidity exists to meet its operating needs as well as other commitments and obligations over the next 12 months.

Note 11. Subsequent Events

The Organization evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through September 29, 2020, the date the financial statements were available for issuance.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a Public Health Emergency of International Concern and on March 11, 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 the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates.

On March 27, 2020, the CARES Act was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. During fiscal year 2020, the Organization rolled out several significant operational changes to respond to the financial impact felt by the pandemic.

The Organization's Living Lab school-based program and curriculum was reset to be offered and deployed digitally, providing the ongoing health and wellness programming support that was so critically needed by the communities served during the pandemic. All employees shifted to remote work environments in response to mandated school and office closures. In an effort to fulfill donor requirements, the Organization's education team worked collaboratively with school administrators, faculty and funders to connect with all of the 57 sites that were scheduled to receive programming this year. The Living Lab program looked differently for each school, as the Organization adapted to the technology and administrative limitations encountered at each school/program site. Both live and recorded video lessons, and downloadable worksheets and activities were developed to ensure the successful deployment of impactful programming across all sites. The Organization's coordinators were instrumental in helping to mobilize and provide food resources to students and families during the pandemic.

Note 11. Subsequent Events (Continued)

As described in Note 6, the Organization was awarded a PPP loan, which enabled the Organization to delay a reduction in staff until June 2020. The Organization postponed its in-person annual gala, and was able to connect with partners to re-purpose their gala purchases to a general donation towards a virtual fundraiser. The Organization partnered with several entities to assist in the fight to quell COVID-19, and its pending aftermath. The Organization's strategic shift to develop and offer digital programming will allow the Organization to support its youth constituency across all of its program sites, as well as its growing network of online followers and supporters.