

Seeds of Literacy

**Financial Statements
June 30, 2022 and 2021**

Seeds of Literacy
Financial Statements
June 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors
Seeds of Literacy

Opinion

We have audited the accompanying financial statements of Seeds of Literacy (the "Organization", a nonprofit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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

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

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

To the Board of Directors
Seeds of Literacy

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Cuini & Panzani, Inc.

Cleveland, Ohio
January 18, 2023

Seeds of Literacy

Statement of Financial Position

June 30, 2022

	<u>Assets</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 818,661	\$ 20,000	\$ 838,661
Grants and contributions receivable	1,000	275,000	276,000
Accounts receivable	3,500	-	3,500
Prepaid expenses	11,425	-	11,425
Other assets, net	1,440	-	1,440
Total current assets	<u>836,026</u>	<u>295,000</u>	<u>1,131,026</u>
Property and equipment, net	<u>79,047</u>	<u>-</u>	<u>79,047</u>
	<u>\$ 915,073</u>	<u>\$ 295,000</u>	<u>\$ 1,210,073</u>

	<u>Liabilities and Net Assets</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current liabilities			
Accounts payable	\$ 20,091	\$ -	\$ 20,091
Accrued wages and benefits	44,030	-	44,030
Total current liabilities	<u>64,121</u>	<u>-</u>	<u>64,121</u>
Net assets	<u>850,952</u>	<u>295,000</u>	<u>1,145,952</u>
	<u>\$ 915,073</u>	<u>\$ 295,000</u>	<u>\$ 1,210,073</u>

The accompanying notes are an integral part of these financial statements

Seeds of Literacy

Statement of Financial Position

June 30, 2021

Assets

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current assets			
Cash and cash equivalents	\$ 824,443	\$ 19,830	\$ 844,273
Grants and contributions receivable	28,088	381,716	409,804
Prepaid expenses	<u>5,576</u>	<u>-</u>	<u>5,576</u>
Total current assets	858,107	401,546	1,259,653
Property and equipment, net	<u>69,775</u>	<u>-</u>	<u>69,775</u>
	<u>\$ 927,882</u>	<u>\$ 401,546</u>	<u>\$ 1,329,428</u>

Liabilities and Net Assets

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Current liabilities			
Accounts payable	\$ 16,901	\$ -	\$ 16,901
Accrued wages and benefits	33,119	-	33,119
Refundable advance (Note 10)	<u>135,400</u>	<u>-</u>	<u>135,400</u>
Total current liabilities	185,420	-	185,420
Net assets	<u>742,462</u>	<u>401,546</u>	<u>1,144,008</u>
	<u>\$ 927,882</u>	<u>\$ 401,546</u>	<u>\$ 1,329,428</u>

The accompanying notes are an integral part of these financial statements

Seeds of Literacy

Statement of Activities

For the year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grants, gifts, and contributions - financial assets	\$ 784,750	\$ 290,000	\$ 1,074,750
Contributions of nonfinancial assets	9,838	-	9,838
Paycheck Protection Program grant (Note 10)	135,400	-	135,400
Special events, net	166,037	-	166,037
Other	2,187	-	2,187
	<u>1,098,212</u>	<u>290,000</u>	<u>1,388,212</u>
Net assets released from restrictions	396,546	(396,546)	-
Total support and revenue	<u>1,494,758</u>	<u>(106,546)</u>	<u>1,388,212</u>
Expenses			
Program	1,193,689	-	1,193,689
Management and general	98,204	-	98,204
Fundraising	94,375	-	94,375
Total expenses	<u>1,386,268</u>	<u>-</u>	<u>1,386,268</u>
Change in net assets	108,490	(106,546)	1,944
Net assets, beginning of year	<u>742,462</u>	<u>401,546</u>	<u>1,144,008</u>
Net assets, end of year	<u>\$ 850,952</u>	<u>\$ 295,000</u>	<u>\$ 1,145,952</u>

The accompanying notes are an integral part of these financial statements

Seeds of Literacy

Statement of Activities

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grants, gifts, and contributions - financial assets	\$ 495,261	\$ 414,630	\$ 909,891
Contributions of nonfinancial assets	32,749	-	32,749
Paycheck Protection Program grant (Note 10)	135,400	-	135,400
Special events, net	133,548	-	133,548
Other	656	-	656
	<u>797,614</u>	<u>414,630</u>	<u>1,212,244</u>
Net assets released from restrictions	<u>376,839</u>	<u>(376,839)</u>	<u>-</u>
Total support and revenue	<u>1,174,453</u>	<u>37,791</u>	<u>1,212,244</u>
Expenses			
Program	798,136	-	798,136
Management and general	81,224	-	81,224
Fundraising	51,888	-	51,888
Total expenses	<u>931,248</u>	<u>-</u>	<u>931,248</u>
Change in net assets	243,205	37,791	280,996
Net assets, beginning of year	<u>499,257</u>	<u>363,755</u>	<u>863,012</u>
Net assets, end of year	<u>\$ 742,462</u>	<u>\$ 401,546</u>	<u>\$ 1,144,008</u>

The accompanying notes are an integral part of these financial statements

Seeds of Literacy

Statement of Functional Expenses

For the year ended June 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Personnel	\$ 831,697	\$ 46,205	\$ 46,205	\$ 924,107
Employee benefits	89,162	4,953	4,953	99,068
Program support	31,581	-	-	31,581
Program supplies	37,528	-	-	37,528
Special project	3,310	14,892	14,892	33,094
Occupancy	99,688	5,538	5,538	110,764
Travel and meals	10,644	-	-	10,644
Equipment	10,222	-	-	10,222
Telephone	38,071	1,002	1,002	40,075
Workshops and training	14,744	-	-	14,744
Public relations	-	-	16,340	16,340
Office supplies	308	230	230	768
Legal and accounting	-	24,973	-	24,973
Miscellaneous	4,665	-	-	4,665
Dues and subscriptions	1,231	411	-	1,642
Bank service charges	-	-	5,215	5,215
Depreciation	20,838	-	-	20,838
	<u>\$ 1,193,689</u>	<u>\$ 98,204</u>	<u>\$ 94,375</u>	<u>\$ 1,386,268</u>

The accompanying notes are an integral part of these financial statements

Seeds of Literacy

Statement of Functional Expenses

For the year ended June 30, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Personnel	\$ 478,265	\$ 26,570	\$ 26,570	\$ 531,405
Employee benefits	63,713	3,540	3,540	70,793
Program support	23,031	-	-	23,031
Program supplies	52,763	-	-	52,763
Special project	11,904	14,976	4,320	31,200
Occupancy	93,680	5,204	5,204	104,088
Travel and meals	4,912	-	-	4,912
Equipment	5,387	-	-	5,387
Telephone	36,351	957	957	38,265
Workshops and training	2,203	-	-	2,203
Public relations	-	-	6,468	6,468
Office supplies	180	134	134	448
Legal and accounting	-	29,393	-	29,393
Miscellaneous	7,659	-	-	7,659
Dues and subscriptions	1,350	450	-	1,800
Bank service charges	-	-	4,695	4,695
Depreciation	16,738	-	-	16,738
	<u>\$ 798,136</u>	<u>\$ 81,224</u>	<u>\$ 51,888</u>	<u>\$ 931,248</u>

The accompanying notes are an integral part of these financial statements

Seeds of Literacy

Statements of Cash Flows

For the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,944	\$ 280,996
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	20,838	16,738
Changes in operating assets and liabilities:		
Grants and contributions receivable	130,304	(193,092)
Prepaid expenses	(5,849)	(5,576)
Other assets	(1,440)	-
Accounts payable	3,190	3,269
Accrued wages and benefits	10,911	15,628
Paycheck Protection Program advance	(135,400)	-
Cash provided by operating activities	<u>24,498</u>	<u>117,963</u>
Cash flows from investing activities:		
Cash paid for purchases of property and equipment	<u>(30,110)</u>	<u>(30,213)</u>
Cash used for investing activities	<u>(30,110)</u>	<u>(30,213)</u>
Net (decrease) increase in cash	(5,612)	87,750
Cash and cash equivalents beginning of year	<u>844,273</u>	<u>756,523</u>
Cash and cash equivalents end of year	\$ <u><u>838,661</u></u>	\$ <u><u>844,273</u></u>

The accompanying notes are an integral part of these financial statements

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Seeds of Literacy (the “Organization”) is an award-winning, innovative adult literacy program that relies on individualized curricula and one-to-one tutoring to help students who did not succeed in traditional school settings. The Organization offers free basic education, digital literacy, and GED[®] preparation to about 1,000 adults annually with the help of over 250 volunteers. The Organization is open year-round, with open enrollment and weekly registration. The Organization’s curriculum is based on two best practices: Common Core State Standards and GED[®] Benchmarks. Seeds of Literacy is the only nationally accredited literacy program in Ohio.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization adheres to Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) in the manner noted below. The financial statements have been prepared based upon two categories of net assets, as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations, whether due to time or purpose.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions that may or will be met, either by action of the Organization and/or the passage of time. When a restriction expires or is substantially met, net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which clarifies the presentation of contributed nonfinancial assets as a separate line item in the statement of activities and enhances disclosure requirements. This ASU is effective for fiscal years beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022. On July 1, 2021, the Organization adopted this ASU. The Organization’s financial statements have been updated to reflect the implementation of this standard on a retrospective basis. There was no impact on beginning net assets as a result of this implementation.

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Contributions and Grants

Contributions and grants received are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor-imposed restrictions.

The Organization recognizes unconditional promises to give as revenue in the period in which the promise is received. If there are no donor-imposed restrictions on the use of funds, then those revenues are classified as without donor restrictions. If a donor-imposed restriction exists, then it must be determined if this restriction is with regard to time or purpose, or in perpetuity and classified in the financial statements as net assets with donor restrictions. A donor-imposed restriction is present when the contributor of funds designates a specific purpose or time period in which the funds may be used. At the time when this donor-imposed restriction has been satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions.

If donor-imposed conditions exist, revenue is recognized when the conditions are substantially met. A donor-imposed condition exists when (a) one or more barriers must be overcome before a recipient is entitled to the assets transferred or promised, and (b) a right of return to the contributor for assets transferred or a right of release of the promisor from its obligation to transfer assets exists. When the conditions are substantially met, revenue is recognized as support without donor restrictions or revenue with donor restrictions if donor-imposed stipulations are present. Any advances of funds are included within the current liabilities section of the statements of financial position, as the failure to meet the donor-imposed conditions may result in the need to return the unused funding advances.

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (continued)

Revenue Recognition

Earned revenue sources include special events. The Organization identifies a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. For special event revenue, this is generally accomplished through a sponsor's or supporter's registration for an upcoming event and acceptance by both parties of the related terms and conditions of the sponsorship/registration.

Special event revenue includes sponsorships. Payment is obtained when a participant registers for an event. These revenues are a hybrid of contribution and exchange transaction. The contracts with sponsors include performance obligations related to name recognition and event entry. The exchange portion of the transaction is the fair value of benefits received by sponsor purchaser. The revenue allocated to the name recognition performance obligation qualifies for recognition over time, however, management has determined that the effect of recognizing such revenue at a point in time along with the revenue allocated to event entry results in no difference to revenue recognized.

Contributed Nonfinancial Assets

The Organization reports gifts of program supplies, items for special events, and other non-monetary contributions as revenue without donor restrictions and expense in the accompanying statements of activities unless accompanied by explicit donor-imposed restrictions; in which case, the contributions would be recorded as revenues with donor restrictions in accordance with the donor restrictions. The Organization recognizes contributions of services received when those services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donation.

Contributed nonfinancial assets are recorded as contributions at their estimated fair values at the date of donation.

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (continued)

Functional Expense Allocation

The statements of functional expenses present expenses by functional and natural classification. Expenses directly attributable to program services, administration, and fundraising are reported as expenses of that functional area. Payroll expenses have been allocated between program, administration, and fundraising functions based on job roles in the percentage attributable to each functional area. Other indirect expenses have been allocated to functional areas on the basis of payroll per functional area as a percentage of total payroll costs.

Property and Equipment

Property and equipment purchased are recorded at cost and those donated are recorded at fair market value at the date of the gift. Upon disposal, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current operations. Expenditures for routine maintenance, repairs, and renewals are charged to expense as incurred. Depreciation is computed on the straight-line method using the following lives for each asset classification:

Software	5 years
Furniture and equipment	5 years
Leasehold improvements	15 years

Tax Status

The Organization is a nonprofit corporation that is tax-exempt under Section 501 (c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America, require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Organization's management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken, that would require recognition of a liability or disclosure in the financial statements. In addition, the Organization has not incurred any penalties or interest for the years ended June 30, 2022 and 2021. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASU 2016-02). The new standard establishes a right-of-use model that requires a lessee to record a right-of-use asset and a lease liability 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. FASB issued ASU 2020-05 that deferred the effective date for the Organization until annual periods beginning after December 15, 2021. Management is currently evaluating the impact of this ASU on its financial statements .

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 1: Summary of Significant Accounting Policies (continued)

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 18, 2023, the date the financial statements were available to be issued.

Note 2: Grants and Contributions Receivable

Grants and contributions receivable represents amounts promised during the year but not received as of the financial statement date. The Organization projects all amounts receivable will be received in full during the following fiscal year and therefore, no provision for potentially uncollectible amounts or discount for extended payment plans is required.

During the fiscal year ended June 30, 2022, the Organization received a conditional grant of \$51,000 from the City of Cleveland. The grant is conditional upon monthly reimbursement requests and other reports submitted to the City of Cleveland. The Organization will record the \$51,000 when the donor specified conditions have been met.

Note 3: Concentrations of Credit Risk

The Organization deposits the majority of its cash in commercial bank accounts. From time to time, cash balances in the bank accounts may exceed federally insured limits. To date, the Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on its cash accounts.

Substantially all of the Organization's contributions and annual revenues are derived for a single program purpose. The Organization's operations and revenue generation abilities are concentrated in the vicinity of northeastern Ohio. One donor contributed greater than 10% of the Organization's grants, gifts and contributions for the year ended June 30, 2022. A different donor contributed greater than 10% of the Organization's grants, gifts and contributions for the year June 30, 2021.

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 4: Property and Equipment

Property and equipment, at cost, was comprised of the following at June 30:

	2022	2021
Furniture and equipment	\$ 126,006	\$ 96,256
Leasehold improvements	40,311	40,311
	166,317	136,567
Less: accumulated depreciation	(87,270)	(66,792)
	\$ 79,047	\$ 69,775

Note 5: Net Assets with Donor Restrictions

Net assets with donor restrictions include contributions that continue to be subject to donor-imposed restrictions as of fiscal year-end. These continuing donor restrictions relate to the time period in which the funds can be utilized and/or the purpose for which the funds can be expended. All net assets with donor restrictions at June 30, 2022 and 2021, are available for use during the years ending June 30, 2023 and 2022, respectively. Net assets with donor restrictions are available for the following purposes:

	June 30, 2021	Additions	Released	June 30, 2022
Adult literacy, basic education, and GED [®] preparation	\$ 401,546	\$ 290,000	\$ (396,546)	\$ 295,000

	June 30, 2020	Additions	Released	June 30, 2021
Adult literacy, basic education, and GED [®] preparation	\$ 363,755	\$ 414,630	\$ (376,839)	\$ 401,546

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 6: Contributed Nonfinancial Assets

Contributed nonfinancial assets are recorded at their estimated fair value at the date of donation. The Organization records the value of the material received or the services rendered as revenue. For financial years ending on June 30, contributed nonfinancial assets recognized within the statements of activities include:

	<u>2022</u>	<u>2021</u>
Program supplies	\$ 1,780	\$ 32,749
Special event items	<u>8,058</u>	<u>-</u>
	\$ <u><u>9,838</u></u>	\$ <u><u>32,749</u></u>

The contributed program supplies are used within the course of normal operations. The Organization estimated the fair value based on invoices from the provider donating the program supplies.

The contributed special event items represent donated tickets, gift cards, and other items for a raffle at a special event. The Organization estimated the fair value based on estimated retail prices of identical or similar products at the time of contribution.

Volunteers provided a total of 8,952 (unaudited) and 13,119 (unaudited) hours of volunteer work during the years ending June 30, 2022 and 2021, respectively. These volunteers do not meet the requirements for recording in the financial statements. Therefore, no provision has been made for the fair value of these volunteer services in the financial statements.

The following is information regarding donated services not recorded in the financial statements for the years ended June 30, 2022 and 2021:

	<u>Unaudited</u>	
	<u>2022</u>	<u>2021</u>
Tutor services	\$ 584,927	\$ 317,356
Community service activities	10,677	7,198
Board of Directors and Finance Committee	1,199	2,026
Data entry and other services	<u>18,235</u>	<u>33,232</u>
	\$ <u><u>615,038</u></u>	\$ <u><u>359,812</u></u>

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 7: Special Events, Net

The Organization hosts various special events for the purposes of promoting its activities, recognizing its supporters, and raising funds. All revenues relating to the events, including donations received at or in conjunction with the events, and charges for materials and services provided at the events, are classified as special event revenue. Expenses that are related to the direct benefit of the donors have been netted with fundraising revenues in the statements of activities. The following is information relating to the events conducted during the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Revenue	\$ 185,773	\$ 134,020
Expenses	<u>(19,736)</u>	<u>(472)</u>
	<u>\$ 166,037</u>	<u>\$ 133,548</u>

Note 8: Retirement Plan

Included in the cost of employee benefits are contributions to a SIMPLE IRA Plan, totaling \$6,054 and \$13,004 for the years ended June 30, 2022 and 2021, respectively. The Organization matches employees' pre-tax deferrals on a dollar-for-dollar basis up to 3%, but not less than 1%.

Note 9: Operating Leases

The Organization occupies, pursuant to short-term operating lease agreements, office and classroom space for use in the conduct of its program. In addition, the Organization also leases office equipment for use in its operations. Total expense under these lease agreements was \$89,782 and \$84,947 for the years ended June 30, 2022 and 2021, respectively. Future minimum lease payments required under these agreements as of June 30, 2022 are as follows for the years ending June 30:

2023	\$ 6,450
2024	<u>2,691</u>
	<u>\$ 9,141</u>

Seeds of Literacy

Notes to the Financial Statements

June 30, 2022 and 2021

Note 10: COVID-19 Impact

The Organization was impacted by the onset of the COVID-19 pandemic. This event reduced the ability of the Organization to provide some services. The quantitative impact of COVID-19 cannot be estimated at June 30, 2021.

In April 2020, the Organization received a loan of \$135,400 pursuant to the Paycheck Protection Program (PPP) under the CARES Act. The loan matured in April of 2022 and bore interest at 1% per annum. Under terms of the PPP certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization has evaluated this agreement as a conditional contribution. The Organization received forgiveness for the full amount of the loan in fiscal 2021. As the Organization met the conditions for forgiveness in fiscal 2021, the funding has been recorded as "Paycheck Protection Program grant" without donor restrictions in the accompanying statement of activities for the year ended June 30, 2021.

In March 2021, the Organization received an additional PPP loan of \$135,400. The loan was to mature in March of 2026 and bore interest at 1% per annum. Under terms of the PPP certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The Organization has evaluated this agreement as a conditional contribution. At June 30, 2021, the PPP loan was recorded as a refundable advance. The Organization received forgiveness for the full amount of the loan in fiscal 2022. As the Organization met the conditions for forgiveness in fiscal 2022, the funding has been recorded as "Paycheck Protection Program grant" without donor restrictions in the accompanying statement of activities for the year ended June 30, 2022.

Note 11: Liquidity and Availability of Resources

The Organization's financial assets available within one year of June 30, 2022 and 2021 for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 838,661	\$ 844,273
Grants and contributions receivable	276,000	409,804
Accounts receivable	<u>3,500</u>	<u>-</u>
Total financial assets available to management for general expenditures within one year	\$ <u>1,118,161</u>	\$ <u>1,254,077</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management considers any contributions restricted for operations for the next fiscal year to be available.