

Breakthrough New York, Inc.

Financial Statements
June 30, 2021 and 2020

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Breakthrough New York, Inc.

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Independent Auditors' Report

The Board of Directors Breakthrough New York, Inc.

We have audited the accompanying financial statements of Breakthrough New York, Inc. which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities 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.

Auditors' 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 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 Breakthrough New York, Inc. as of June 30, 2021 and 2020, 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.

Mazars USA LLP

November 30, 2021

Breakthrough New York, Inc.

Statements of Financial Position June 30, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	\$ 954,942	\$ 857,084
Restricted cash	-	61,337
Investments, at fair value	1,552,047	1,257,640
Contributions receivable	484,455	157,390
Prepaid expenses and other assets	179,556	182,109
Property and equipment, net	13,899	8,071
	<u>3,184,899</u>	<u>2,523,631</u>
Total assets	<u>\$ 3,184,899</u>	<u>\$ 2,523,631</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 49,526	\$ 54,210
Line of credit	-	375,000
Deferred rent	130,960	67,952
	<u>180,486</u>	<u>497,162</u>
Total liabilities	<u>180,486</u>	<u>497,162</u>
Net assets		
Without donor restrictions	2,599,777	1,642,128
With donor restrictions	404,636	384,341
Total net assets	<u>3,004,413</u>	<u>2,026,469</u>
Total liabilities and net assets	<u>\$ 3,184,899</u>	<u>\$ 2,523,631</u>

The accompanying notes are an integral part of these financial statements.

Breakthrough New York, Inc.

Statements of Activities Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and public support						
Contributions	\$ 1,586,217	\$ 270,727	\$ 1,856,944	\$ 1,386,748	\$ 141,200	\$ 1,527,948
Contribution - PPP loan (Note 7)	338,500	-	338,500	333,400	-	333,400
In-kind contributions	-	-	-	20,000	-	20,000
Special events, net of direct costs of \$138,152 and \$66,790, respectively	791,797	-	791,797	720,749	-	720,749
Investment income	275,402	-	275,402	61,602	-	61,602
Net assets released from restrictions	250,432	(250,432)	-	409,947	(409,947)	-
Total revenue and public support	<u>3,242,348</u>	<u>20,295</u>	<u>3,262,643</u>	<u>2,932,446</u>	<u>(268,747)</u>	<u>2,663,699</u>
Expenses						
Program	1,714,749	-	1,714,749	2,086,020	-	2,086,020
Fundraising	361,193	-	361,193	417,439	-	417,439
Administrative	208,757	-	208,757	249,986	-	249,986
Total expenses	<u>2,284,699</u>	<u>-</u>	<u>2,284,699</u>	<u>2,753,445</u>	<u>-</u>	<u>2,753,445</u>
Change in net assets	957,649	20,295	977,944	179,001	(268,747)	(89,746)
Net assets, beginning of year	<u>1,642,128</u>	<u>384,341</u>	<u>2,026,469</u>	<u>1,463,127</u>	<u>653,088</u>	<u>2,116,215</u>
Net assets, end of year	<u>\$ 2,599,777</u>	<u>\$ 404,636</u>	<u>\$ 3,004,413</u>	<u>\$ 1,642,128</u>	<u>\$ 384,341</u>	<u>\$ 2,026,469</u>

The accompanying notes are an integral part of these financial statements.

Breakthrough New York, Inc.

Statements of Cash Flows Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 977,944	\$ (89,746)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,922	10,241
Net realized and unrealized gain on investments	(243,334)	(31,421)
Deferred rent	63,008	(25,781)
(Decrease) increase in cash resulting from changes in operating assets and liabilities:		
Contributions receivable	(327,065)	160,045
Prepaid expenses and other assets	2,553	18,229
Accounts payable and accrued expenses	(4,684)	27,746
Net cash provided by operating activities	<u>473,344</u>	<u>69,313</u>
Cash flows from investing activities		
Purchases of investments	(1,434,923)	-
Proceeds from sales of investments	1,383,850	-
Purchases of property and equipment	(10,750)	-
Net cash used in investing activities	<u>(61,823)</u>	<u>-</u>
Cash flows from financing activities		
Proceeds from line of credit	100,000	375,000
Repayment of line of credit, net of proceeds	(475,000)	-
Net cash (used in) provided by financing activities	<u>(375,000)</u>	<u>375,000</u>
Net increase in cash, cash equivalents and restricted cash	36,521	444,313
Cash, cash equivalents, and restricted cash		
Beginning	918,421	474,108
End	<u>\$ 954,942</u>	<u>\$ 918,421</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 2,705</u>	<u>\$ 13,306</u>

The accompanying notes are an integral part of these financial statements.

Breakthrough New York, Inc.

Notes to Financial Statements Years Ended June 30, 2021 and 2020

1. Organization and Nature of Activities

Breakthrough New York, Inc. (the “Organization”) (originally founded as Summerbridge, a program of the Town School in 1999), was incorporated on June 30, 2009 as a not-for-profit corporation under the laws of the State of New York.

The Organization is a ten-year college success program committed to getting high-potential, low-income students to and through four-year colleges. The Organization provides after-school and summer enrichment programs to middle school students from New York City public schools, providing them ongoing academic preparation, guidance and mentoring needed to graduate from selective 4-year colleges to be career ready. Through the students-teaching-students model, the Organization also promotes careers in education.

2. Summary of Significant Accounting Policies

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, the 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.

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the “Board”) and/or management for general operating purposes. The Board may designate a portion of these net assets for a specific purpose which makes them unavailable for use at management’s discretion.

Net Assets With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

At June 30, 2021 and 2020, there were no net assets with Board designation.

Contributions

The Organization reports gifts of cash and other assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or without donor restrictions in the absence of donor stipulated restrictions on the use of the donated assets. When a donor 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 in the statement of activities as net assets released from donor restriction. Donor-restricted contributions whose restrictions are met within the same reporting period are reported as net assets without donor restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

The Organization maintains its cash at one bank, which, at times, may exceed the \$250,000 federally-insured limit. The Organization has not experienced any losses in these accounts. At June 30, 2021, cash held exceeding the federally-insured limit approximated \$674,000.

Investments

Investments are valued at fair value.. Unrealized gains and losses are included in the statement of activities.

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Restricted Cash

The Organization received a grant requiring that all grant funds received be held in a segregated bank account and expended only for the purposes stipulated in the grant agreement (mental health support). At June 30, 2021, there were no remaining restricted funds.

Amounts generally described as restricted cash are included with cash and cash equivalents when reconciling beginning-of-year and end-of year totals on the statements of cash flows. The following table provides a reconciliation of cash and cash equivalents and restricted cash as reported within the statements of financial position to the same items as reported in the statements of cash flows.

	June 30,	
	2021	2020
Cash and cash equivalents	\$ 954,942	\$ 857,084
Restricted cash	-	61,337
Total cash and cash equivalents and restricted cash	<u>\$ 954,942</u>	<u>\$ 918,421</u>

Fair Value of Financial Instruments

The Organization follows the standards for fair value measurement and disclosure for financial assets and liabilities which clarify the definition of fair value, prescribe methods for measuring fair value, establish a fair value hierarchy based on the inputs used to measure fair value and expand disclosure about the use of fair value measurements. The following table presents financial assets that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

	Fair Value Measurements at June 30, 2021			
	Total	Unadjusted Quoted Prices	Significant Other	Significant
		in Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Exchange Traded Products:				
Equity funds	\$ 749,130	\$ 749,130	\$ -	\$ -
Fixed income funds	665,316	665,316	-	-
Common stocks	137,601	137,601	-	-
	<u>\$ 1,552,047</u>	<u>\$ 1,552,047</u>	<u>\$ -</u>	<u>\$ -</u>

	Fair Value Measurements at June 30, 2020			
	Total	Unadjusted Quoted Prices	Significant Other	Significant
		Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets:				
Exchange Traded Products:				
Equity funds	\$ 670,271	\$ 670,271	\$ -	\$ -
Fixed income funds	587,369	587,369	-	-
	<u>\$ 1,257,640</u>	<u>\$ 1,257,640</u>	<u>\$ -</u>	<u>\$ -</u>

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows discounted to fair value using an appropriate interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

Breakthrough New York, Inc.

Property and Equipment

Property and equipment are stated at cost. Depreciation of furniture and equipment is provided using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the useful life of the improvement or the lease term, whichever is shorter. Additions are capitalized, whereas costs of maintenance and repairs are charged to expense as incurred.

Income Taxes

The Internal Revenue Service has determined that the Organization is exempt from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

Functional Allocation of Expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. A portion of management and general costs that benefit multiple functional areas (indirect costs) have been allocated across programs and other supporting services based on the proportion of full-time employee equivalents of a program or other supporting service versus the total organizational full-time employee equivalents.

In-Kind Contributions

Contributed services or the use of equipment, materials or facilities at less than fair value are recorded at their fair value in accordance with professional standards, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed goods and materials are recorded at their fair value when they are promised.

3. Investments

Investments consist of the following:

	June 30,			
	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Exchange Traded Products:				
Equity funds	\$ 569,145	\$ 749,130	\$ 385,385	\$ 670,271
Fixed income funds	657,868	665,316	563,807	587,369
Common stocks	123,213	137,601	-	-
	<u>\$ 1,350,226</u>	<u>\$ 1,552,047</u>	<u>\$ 949,192</u>	<u>\$ 1,257,640</u>

Investment income consists of the following:

	Years Ended June 30,	
	2021	2020
Interest and dividends	\$ 41,305	\$ 30,181
Unrealized (loss)/gain	(106,628)	12,170
Realized gain	349,962	19,251
Investment fees	(9,237)	-
	<u>\$ 275,402</u>	<u>\$ 61,602</u>

Breakthrough New York, Inc.

4. Contributions Receivable, Net

Contributions receivable include unconditional promises to give, which amounted to \$484,455 and \$157,390 at June 30, 2021 and 2020, respectively.

	June 30,	
	2021	2020
Receivable in less than one year	\$ 407,580	\$ 157,390
Receivable in one to four years	83,287	-
Less discount to present value at 3%	(6,412)	-
	<u>\$ 484,455</u>	<u>\$ 157,390</u>

Approximately 77% and 64% of contributions receivable at June 30, 2021 and 2020, respectively, are due from four donors and one donor, respectively.

5. Property and Equipment, Net

Property and equipment, net, at cost, consists of the following:

	June 30,		Depreciation/ Amortization Period
	2021	2020	
Furniture and equipment	\$ 162,066	\$ 151,316	3-5 years
Sales force IT system	284,582	284,582	3 years
Leasehold improvements	24,602	24,602	Term of lease
	471,250	460,500	
Less: accumulated depreciation and amortization	<u>(457,351)</u>	<u>(452,429)</u>	
	<u>\$ 13,899</u>	<u>\$ 8,071</u>	

6. Line of Credit

The Organization entered into a promissory note agreement with First Republic Bank, as amended, for a line of credit amounting to \$500,000. Interest on the outstanding balance is payable monthly at the greater of 3% or the U.S. prime rate as published by The Wall Street Journal minus 0.25% per annum (3% at June 30, 2021 and 2020). The line of credit is collateralized by substantially all of the assets of the Organization and expires on June 1, 2022.

The promissory note contains certain reporting covenants including a financial covenant which requires the maintenance of unencumbered liquid assets equal to not less than 1.25 times the then current and outstanding unpaid principal balance of the loan.

At June 30, 2021, there was no outstanding balance on the line of credit.

Breakthrough New York, Inc.

7. Paycheck Protection Program Loans

On April 17, 2020, the Organization secured a loan from a bank for \$333,400 through the U.S. Small Business Administration's Paycheck Protection Program (or "The First PPP Loan"). The First PPP Loan had an interest rate of 1% and was set to mature at April 17, 2022. The Organization had determined that at June 30, 2020, all conditions for forgiveness have been met, and accordingly, had recognized the full amount of The First PPP Loan as a contribution during the year ended June 30, 2020. On September 9, 2021, the Organization received formal forgiveness for The First PPP Loan in the full amount of \$333,400.

On February 22, 2021, the Organization secured another loan from a bank for \$338,500 through the U.S. Small Business Administration's Paycheck Protection Program (or "The Second PPP Loan"). The Second PPP Loan had an interest rate of 1% and was set to mature on February 22, 2026. The Organization expected The Second PPP Loan to be forgiven in accordance with the provision of the paycheck protection program. The Organization treated The Second PPP Loan as a conditional contribution under the provisions of ASC 958-605 which states:

- Conditional contributions are not recognized until the conditions are substantially met or explicitly waived
- The entity initially records the cash inflow from the PPP loan as a refundable advance
- The entity would then reduce the refundable advance and recognize the contribution once the conditions of the release have been substantially met or explicitly waived.

The Organization had determined that at June 30, 2021, all conditions for forgiveness have been met, and accordingly, had recognized the full amount of The Second PPP Loan as a contribution during the year ended June 30, 2021.

On August 17, 2021, the Organization received formal forgiveness for The Second PPP Loan in the full amount of \$338,500.

8. Liquidity and Availability of Resources

	<u>June 30, 2021</u>
Cash and cash equivalents	\$ 954,942
Investments, at fair value	1,552,047
Contributions receivable	<u>484,455</u>
Total financial assets available within one year	<u>2,991,444</u>
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Donor-imposed restrictions- purpose	(181,974)
Donor-imposed restrictions- time	<u>(76,875)</u>
	<u>(258,849)</u>
Total financial assets available to management general expenditures within one year	<u>\$ 2,732,595</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The investments can easily be liquidated when such funds are needed. Management can also drawdown from its line of credit.

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9. Net Assets With Donor Restrictions - Purpose

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following purposes or periods:

	June 30,	
	2021	2020
Donor's discretionary fund	\$ 133,911	\$ 133,911
Middle & High School Programs	40,000	44,808
Equipment	4,248	10,055
Sherman Scholarship	3,815	4,578
Student emergency fund	-	4,652
Mental health support	-	61,337
Time Restrictions:		
Year ended June 30, 2021	-	125,000
Year ended June 30, 2022	145,787	-
Year ended June 30, 2023	40,802	-
Year ended June 30, 2024	18,303	-
Year ended June 30, 2025	17,770	-
	\$ 404,636	\$ 384,341

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the following restricted purposes specified by the donor:

	Years Ended June 30,	
	2021	2020
Lapse of time restriction	\$ 125,000	\$ 139,260
Mental health support	61,337	20,083
Middle & High School Programs	44,808	11,025
Sherman Scholarship	4,578	21,970
Equipment	10,055	-
Student emergency fund	4,654	979
Donor's discretionary fund	-	116,089
2020 fiscal program	-	100,541
	\$ 250,432	\$ 409,947

10. Retirement Plans

The Organization sponsors a defined contribution plan for eligible employees. The plan is funded through voluntary contributions by participants and an employer matching portion. During 2021, the employer matched 100% of full-time employees' tax-deferred salary reduction up to 1% of gross salary for those employed for at least one year and one-thousand hours of full-time employment. During 2020, the employer matched 100% of full-time employees' tax-deferred salary reduction up to 3% of gross salary for those employed for at least three months of full-time employment. The pension expense under this plan for the years ended June 30, 2021 and 2020 was \$9,169 and \$30,313, respectively.

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11. Lease Commitments

The Organization is obligated under a non-cancelable operating lease for office space which is set to expire on June 30, 2022. This lease is subject to escalations for the Organization’s pro rata share of increases in real estate taxes.

On May 27, 2020, the Organization entered into a lease deferral agreement for their rental office space. Under the terms of this agreement, rent for the office space between July 2020 and December 2020 in the total amount of \$66,355 will be deferred and not required to be paid by the Organization until April 2021, when the Organization will re-pay this amount over the course of nine months (April 2021 through December 2021) at the amount of \$7,373 per month.

On December 21, 2020, the Organization entered into another lease deferral agreement for their rental office space which supersedes the previous lease deferral agreement. Under the terms of this new agreement, rent for the office space between July 2020 and March 2021 in the total amount of \$94,208 will be deferred and not required to be paid by the Organization until October 1, 2021, when the Organization will re-pay this amount over the course of nine months (October 2021 through June 2022) at the amount of \$10,468 per month.

Minimum future obligations under the lease and the deferral agreement at June 30, 2021, exclusive of required payments for increases in real estate taxes amounted to \$321,901 for the year ending June 30, 2022.

The Organization recognizes its rent expense on a straight-line method, based on total rental payments due during the lease term. As of June 30, 2021 and 2020, aggregate rent expense recognized on a straight-line basis exceeded payments by \$130,960 and \$67,952, respectively, and are reflected as deferred rent on the accompanying statements of financial position.

Rent expense charged to operations, inclusive of escalations, amounted to approximately \$191,000 and \$253,000 for the years ended June 30, 2021 and 2020, respectively.

12. In-Kind Contributions

The Organization received in-kind contributions of equipment, space rental and the usage of office equipment, as follows:

	June 30,	
	2021	2020
Space rental/usage of office equipment	\$ -	\$ 20,000
	<u>\$ -</u>	<u>\$ 20,000</u>

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13. Functional Expenses

Expenses for the years ended June 30, 2021 and 2020, were incurred as follows:

	June 30, 2021				June 30, 2020			
	Program Services	Supporting Services		Total 2021	Program Services	Supporting Services		Total 2020
		Fundraising	Administration			Fundraising	Administration	
Salaries and related costs	\$ 1,274,407	\$ 225,023	\$ 124,874	\$ 1,624,304	\$ 1,460,163	\$ 243,708	\$ 133,278	\$ 1,837,149
Consultants/professional fees	100,395	71,262	53,495	225,152	153,008	91,041	66,729	310,778
Occupancy	164,191	15,274	18,865	198,330	226,697	15,274	15,654	257,625
Technology	30,943	17,038	1,862	49,843	46,701	17,568	1,625	65,894
Supplies	14,402	853	640	15,895	22,170	1,599	1,091	24,860
Food	-	-	-	-	39,773	124	93	39,990
Scholarships	57,102	-	-	57,102	33,152	-	-	33,152
Gala	-	129,665	-	129,665	-	51,675	-	51,675
Young Professional Board	-	8,487	-	8,487	-	15,115	-	15,115
Postage and delivery	3,921	3,755	48	7,724	4,076	5,367	77	9,520
Insurance	30,234	2,813	2,109	35,156	30,591	2,846	2,134	35,571
Printing and reproduction	45	12,568	3	12,616	3,709	27,118	162	30,989
Staff development/recognition	14,964	694	314	15,972	28,501	2,557	421	31,479
Telephone and internet	12,577	1,025	2,856	16,458	10,774	1,002	2,839	14,615
Transportation	533	197	27	757	14,632	400	59	15,091
Field trips	1,950	-	-	1,950	-	-	-	-
Depreciation and amortization	4,315	347	260	4,922	9,410	475	356	10,241
Bad Debts	-	1,250	-	1,250	-	250	-	250
Miscellaneous	4,770	9,094	3,404	17,268	2,663	8,110	25,468	36,241
Total	1,714,749	499,345	208,757	2,422,851	2,086,020	484,229	249,986	2,820,235
Less: Special events	-	(138,152)	-	(138,152)	-	(66,790)	-	(66,790)
	<u>\$ 1,714,749</u>	<u>\$ 361,193</u>	<u>\$ 208,757</u>	<u>\$ 2,284,699</u>	<u>\$ 2,086,020</u>	<u>\$ 417,439</u>	<u>\$ 249,986</u>	<u>\$ 2,753,445</u>

14. COVID-19

In early 2020, the emergence of the COVID-19 Coronavirus pandemic has led to significant disruption in the not-for-profit industry. The Organization is continuing virtual events as opposed to in-person events for the foreseeable future. The Organization is monitoring this evolving situation closely and evaluating its potential exposure. As of the date of this report, it is uncertain what impact, if any, the disruption may have on the future operations of the Organization.

15. Revocable Living Trust

On May 18, 2021, an agreement with a donor establishing a fund with the Organization was created. Per the terms of the agreement, the fund will be held in trust by the Organization for the exclusive use of the Organization in support of its students on their path to and through college. The fund will primarily support students pursuing their college degree, either at Hunter College (CUNY) or in the field of liberal arts. Scholarships will be awarded by semester by a committee of program staff. The scholarships will be awarded to students who meet certain thresholds as explained in the agreement. If there is income left over, after scholarships are awarded, then the excess funds may be used for the middle school summer program. The fund will be established through testamentary gift of 4% of the donor's estimate of their current estate, after all expenses are paid by the donor's trustees, and in the form of an amendment of the revocable living trust of the donor naming the Organization as a partial beneficiary of the donor's estate. The Organization will establish the fund as an endowment provided it reaches the minimum threshold of \$100,000. The endowment corpus will exist in perpetuity and will be invested in the Organization's long-term portfolio. As of November 30, 2021, no funds have been received from this trust.

16. Subsequent Events

Subsequent events have been evaluated through November 30, 2021, the date the financial statements were available for issuance.

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