UNBOUNDED LEARNING, INC.

NEW YORK, NEW YORK

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022
(With Comparative Totals for 2021)

MMB+CO

BUSINESS
ADVISORS
AND CPAS

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BUSINESS ADVISORS AND CPAS

MMB+CO

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Unbounded Learning, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Unbounded Learning, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Unbounded Learning, Inc. as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Unbounded Learning, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note J to the financial statements, subsequent to June 30, 2022, Unbounded Learning, Inc. entered into an agreement with a third party whereby the third party will transfer substantially all of its assets and liabilities to Unbounded Learning, Inc. Our opinion is not modified with respect to this matter.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Report on Summarized Comparative Information

We previously audited Unbounded Learning, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 16, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023 on our consideration of Unbounded Learning, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unbounded Learning, Inc.'s internal control over financial reporting and compliance.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
February 20, 2023

UNBOUNDED LEARNING, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022
(With Comparative totals for 2021)

	June 30, 2022	June 30, 2021
ASSETS		
Cash	$ 11,825,263	$ 8,374,746
Investments	10,000,000	-
Grants and contracts receivable, net of allowance for doubtful accounts of $13,078 at June 30, 2022	2,415,355	1,709,898
Prepaid expenses	316,154	117,408
TOTAL ASSETS	$ 24,556,772	$ 10,202,052
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$ 2,569,214	$ 769,196
Accrued expenses	455,365	299,194
Deferred revenue	822,399	3,285,161
TOTAL LIABILITIES	3,846,978	4,353,551
NET ASSETS		
Without donor restrictions	19,664,714	4,715,597
With donor restrictions	1,045,080	1,132,904
TOTAL NET ASSETS	20,709,794	5,848,501
TOTAL LIABILITIES AND NET ASSETS	$ 24,556,772	$ 10,202,052

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

UNBOUNDED LEARNING, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2022
(With Comparative totals for 2021)

	Year ended June 30,			
	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenue:				
Grants and contributions	$ 23,047,092	$ 1,502,500	$ 24,549,592	$ 6,836,507
Contracted services	9,929,920	-	9,929,920	4,201,122
Paycheck Protection Program note forgiveness	-	-	-	644,502
In-kind contributions	492,057	-	492,057	315,203
Interest income	103	-	103	202
	33,469,172	1,502,500	34,971,672	11,997,536
Net assets released from restrictions	1,590,324	(1,590,324)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	35,059,496	(87,824)	34,971,672	11,997,536
Expenses:				
Program services	16,241,365	-	16,241,365	8,166,445
Management and general	3,090,998	-	3,090,998	1,631,299
Fundraising	778,016	-	778,016	256,723
TOTAL EXPENSES	20,110,379	-	20,110,379	10,054,467
CHANGE IN NET ASSETS	14,949,117	(87,824)	14,861,293	1,943,069
Net assets at beginning of year	4,715,597	1,132,904	5,848,501	3,905,432
NET ASSETS AT END OF YEAR	$ 19,664,714	$ 1,045,080	$ 20,709,794	$ 5,848,501

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

UNBOUNDED LEARNING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022
(With Comparative totals for 2021)

	Year ended June 30,				
	2022				2021
	Program Services	Management and General	Fundraising	Total	Total
Personnel service costs:					
Leadership and operations	$ 680,495	$ 813,585	$ 224,929	$ 1,719,009	$ 1,124,273
Product development	3,375,996	-	-	3,375,996	2,275,716
Organization and events	873,936	491,800	-	1,365,736	1,512,476
Total salaries and wages	4,930,427	1,305,385	224,929	6,460,741	4,912,465
Fringe benefits and payroll taxes	861,460	228,081	39,300	1,128,841	917,737
Professional services	3,269,221	563,540	272,540	4,105,301	1,557,359
Website development costs	41,506	-	-	41,506	137,416
Travel expenses	150,987	39,975	6,888	197,850	4,640
Marketing/recruitment	426,032	-	219,251	645,283	443,349
Standard institute and professional development event costs	5,683,748	-	-	5,683,748	1,033,233
Office expenses	255,820	67,676	11,661	335,157	196,785
Administrative expenses	85,406	224,053	1,408	310,867	136,737
Legal fees	-	160,319	-	160,319	106,166
Finance/audit/accounting fees	-	302,618	-	302,618	240,086
Staff development	39,786	10,534	1,815	52,135	24,401
Insurance	-	47,860	-	47,860	9,122
Occupancy	4,915	1,301	224	6,440	3,643
In-kind expenditures	492,057	-	-	492,057	315,203
Bad debt expense	-	13,078	-	13,078	16,125
Integration expense	-	126,578	-	126,578	-
	$16,241,365	$ 3,090,998	$ 778,016	$ 20,110,379	$ 10,054,467

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

UNBOUNDED LEARNING, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022
(With Comparative totals for 2021)

	Year ended June 30, 2022	2021
CASH FLOWS - OPERATING ACTIVITIES		
Change in net assets	$ 14,861,293	$ 1,943,069
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Bad debt expense	13,078	16,125
Paycheck Protection Program note forgiveness	-	(644,502)
Changes in certain assets and liabilities affecting operations:		
Grants and contracts receivable	(718,535)	(662,556)
Prepaid expenses	(198,746)	(70,798)
Accounts payable	1,800,018	519,038
Accrued expenses	156,171	148,570
Deferred revenue	(2,462,762)	1,241,294
NET CASH PROVIDED FROM OPERATING ACTIVITIES	13,450,517	2,490,240
CASH FLOWS - INVESTING ACTIVITIES		
Purchases of investments	(10,000,000)	-
NET CASH USED FOR INVESTING ACTIVITIES	(10,000,000)	-
NET INCREASE IN CASH	3,450,517	2,490,240
Cash at beginning of year	8,374,746	5,884,506
CASH AT END OF YEAR	$ 11,825,263	$ 8,374,746

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

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization

Unbounded Learning, Inc. (the "Organization") was established as a not-for-profit corporation on October 1, 2015. The purpose of the Organization is to provide online curriculum resources for grades Pre K-12. These online resources provide educators with standards-based knowledge and content to integrate into their classroom.

Basis of accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Classification of net assets

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of accounting for not-for-profit organizations. This is the procedure by which resources are classified for reporting purposes into net asset groups, established according to their nature and purpose. Accordingly, all financial transactions have been recorded and reported by net asset group.

The assets, liabilities, activities and net assets of the Organization are reported in the following self-balancing net asset groups:

Net Assets Without Donor Restrictions
Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has discretionary control to use these in carrying on operations in accordance with the guidelines established by the Organization.

Net Assets With Donor Restrictions
Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

The Organization records substantially all revenue at a point in time as follows:

Contracted services
The Organization recognizes contracted services revenue at the time the event is held. The Organization does not have any significant financing components as payments are received at or shortly after the event is held.

The following table summarizes contract balances at their respective statement of financial position dates:

	June 30,		
	2022	2021	2020
Grants and contracts receivable	$ 2,415,355	$ 1,709,898	$ 1,063,467
Deferred revenue	$ 822,399	$ 245,818	$ 9,313

Contributions and concentrations
The Organization records contributions when a donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. Approximately 10% and 43% of public support and revenue was received from a federal grant and a donor, respectively, during the year ended June 30, 2022. Approximately 15% and 12% of public support and revenue was received from a federal grant and a donor, respectively, during the year ended June 30, 2021.

Grant revenue
Some of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Qualifying expenditures that have been incurred but are yet to be reimbursed are reported as grants receivable in the accompanying statement of financial position. As of June 30, 2022, there were $730,157 reported as grants and contracts receivable. As of June 30, 2021, there were $864,362 reported as grants and contracts receivable. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the accompanying statement of financial position. There were no amounts reported as deferred revenue at June 30, 2022. At June 30, 2021, $3,039,343 was reported as deferred revenue relative to grants.

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Cash
Cash is maintained at financial institutions located in New York, New York and are insured by the FDIC up to $250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Investments
In accordance with GAAP, the Organization is required to report investments in equity securities with readily determinable fair values and all debt securities at fair value, with gains and losses reflected in the statement of activities and changes in net assets. Investment securities are exposed to various risks, such as interest rate risk, market and credit risk. Due to the risk associated with investment securities and the uncertainty related to changes in the fair market value of investment securities, it is at least reasonably possible that changes in fair market value could affect the net assets of the Organization.

Grants and contracts receivables
Grants and contracts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. The allowance for doubtful accounts at June 30, 2022 was $13,078. There was no allowance for doubtful accounts at June 30, 2021.

Prepaid expenses
At June 30, 2022 and 2021, the Organization had paid expenses related to a an in-person conference that was held in July 2022 and July 2021, respectively. This expense was recorded as prepaid expense until such time that the conference was held at which time it was recognized as expense. Prepaid expenses mainly consist of such expenses.

Deferred revenue
The Organization records grant revenue as deferred revenue until it is expended for the purpose of the grant, at which time it is recognized as revenue.

Product development costs and website development costs
Product development costs and website development costs are expensed in the period they are incurred.

Income taxes
Unbounded Learning, Inc. is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, is exempt from federal and state taxes on income.

The Organization has filed for and received income tax exemptions in the various jurisdictions where they are required to do so. The Organization files Form 990 tax returns in the U.S. federal jurisdiction and in various states. The tax returns for years ended June 30, 2019 through June 30, 2022 are still subject to potential audit by the IRS and taxing authorities in each state. Management of the Organization believes they have no material uncertain tax positions and, accordingly, they have not recognized any liability for unrecognized tax benefits.

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

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.

Marketing/recruitment costs

Marketing and recruitment costs are charged to operations when incurred. Marketing/recruitment expense approximated $645,300 and $443,300 for the years ended June 30, 2022 and 2021, respectively.

Occupancy costs

Occupancy costs relate to the rental of temporary space on an as-needed basis.

Comparatives for year ended June 30, 2021

The financial statements include certain prior year summarized comparative information in total, but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Adoption of new accounting standard – gift -in-kind

In September 2020, the FASB issued a new accounting update to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind. The update requires not-for-profit entities to present contributed nonfinancial assets separately on the statement of activities, apart from contributions of cash and other financial assets. In addition, the update requires not-for-profit entities to disclose in the notes to the financial statements a breakout of the different types of gifts-in-kind recognized, any donor restrictions associated with the gift, the valuation technique(s) used to arrive at the fair value measure, whether or not the gift-in-kind was monetized, and any policies on monetization. The update is effective for fiscal years beginning after June 15, 2021 and will be applied on a retrospective basis. The Organization adopted this standard during the year ended June 30, 2022. See Note H.

New accounting pronouncement -leases

In February 2016, the FASB issued a new standard related to leases to increase transparency and comparability among entities by requiring the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases under current U.S. GAAP. For nonpublic entities, the FASB voted on May 20, 2020, to extend the guidance in this new standard to be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Organization is currently evaluating the provisions of this standard to determine the impact the new standard will have on the Organization's financial position or results of operations.

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through February 20, 2023, which is the date the financial statements are available to be issued. See Note J.

NOTE B: LIQUIDITY

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2022 and 2021:

	June 30, 2022	June 30, 2021
Cash	$ 11,825,263	$ 8,374,746
Investments	10,000,000	-
Grants and contracts receivable	2,415,355	1,709,898
Total financial assets available within one year	24,240,618	10,084,644
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	(1,045,080)	(1,132,904)
Total amounts available for general expenditures within one year	$ 23,195,538	$ 8,951,740

To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of $500,000 which it could draw upon. No amounts were outstanding on this line of credit at June 30, 2022 and 2021.

NOTE C: INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following at June 30, 2022:

	Fair value	Cost
U.S. Treasury Bills	$ 9,759,936	$ 9,759,936
Money market funds	240,064	240,064
	$ 10,000,000	$ 10,000,000

NOTE C: INVESTMENTS AND FAIR VALUE MEASUREMENTS, Cont'd

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

U.S. Treasury Bills and money market funds - The fair value of these investments are based on market observable data such as reported sales of similar securities, broker quotes, yields, bids, and offers.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE C: INVESTMENTS AND FAIR VALUE MEASUREMENTS, Cont'd

The following presents the financial instruments measured at fair value on a recurring basis at June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasury Bills	$ 9,759,936	$ -	$ -	$ 9,759,936
Money market funds	240,064	-	-	240,064
Total Investments	$ 10,000,000	$ -	$ -	$ 10,000,000

The Organization had no investments at June 30, 2021.

NOTE D: RETIREMENT PLAN

The Organization sponsors a 401(k) plan which allows its eligible employees to make contributions to the Plan on a tax deferred basis. The Organization will make safe harbor contributions to the Plan in the amount of 3% of participants' compensation and can make a discretionary profit-sharing contribution. There were employer contributions to the Plan for the years ended June 30, 2022 and 2021 of approximately $157,500 and $133,500, respectively.

NOTE E: LINE OF CREDIT

The Organization entered into a $500,000 line of credit agreement with a bank during April 2020. Interest is payable at prime plus one percent (effective rate of 5.75% at June 30, 2022). The line is secured by all business assets. There was no outstanding balance at June 30, 2022 and 2021.

NOTE F: NET ASSETS

Net assets with donor restrictions consisted of the following:

	June 30,	
	2022	2021
Equitable Instruction Support	$ 623,815	$ 1,132,904
Equitable Content Creation	421,265	-
	$ 1,045,080	$ 1,132,904

Net assets without donor restrictions consisted of the following:

	June 30,	
	2022	2021
Undesignated	$ 19,664,714	$ 4,715,597

NOTE G: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses that are allocated to more than one program or supporting function are allocated on the basis of estimates of time, effort, and usage.

NOTE H: IN-KIND SERVICES

Gifts and donations other than cash are recorded at fair market value at the date of contribution. The Organization received donated services throughout the year. These services were valued at $492,057 and $315,203 for the years ended June 30, 2022 and 2021, respectively. There were no associated donor restrictions with the donated services. The services were valued at cost indicated by the donor. For the years ended June 30, 2022 and 2021, there were $492,057 and $315,203 recorded as in-kind expenditures, respectively. All donated services were allocated to program services.

NOTE I: ACCOUNTING IMPACT OF COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2023.

In response to the COVID-19 outbreak, in April 2020, the Organization applied for and was approved by a bank for a loan of $644,502 through the Paycheck Protection Program established by the Small Business Administration. The loan had a maturity of 2 years and an interest rate of 1%. The loan had the potential for forgiveness provided certain requirements were met by the Organization. The loan was funded in April 2020. In March 2021, the loan was forgiven in full by the Small Business Administration and was included in the statement of activities and changes in net assets as Paycheck Protection Program note forgiveness for the year ended June 30, 2021.

NOTE J: SUBSEQUENT EVENT

On July 6, 2022, the Organization signed a letter of intent and on September 12, 2022, the Organization entered into an asset transfer agreement with a third party whereby the third party will contribute substantially all of its assets to the Organization and the Organization will assume certain liabilities of the third party. The closing of this transaction has not occurred as of the report date.