

EQUAL OPPORTUNITY SCHOOLS

FINANCIAL STATEMENTS  
With Independent Auditor's Report

JULY 31, 2022 AND 2021

EQUAL OPPORTUNITY SCHOOLS

FINANCIAL STATEMENTS

JULY 31, 2022 AND 2021

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Equal Opportunity Schools  
Seattle, Washington

### **Opinion**

We have audited the accompanying financial statements of Equal Opportunity Schools (a nonprofit organization), which comprise the statement of financial position as of July 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements (collectively 'the financial statements').

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Equal Opportunity Schools as of July 31, 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. 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 Equal Opportunity Schools 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.

### **Responsibilities of Management 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.

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 Equal Opportunity Schools' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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, including omissions, 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 Equal Opportunity Schools' 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 Equal Opportunity Schools' 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.

#### **Other Matter - Prior Period Financial Statements**

The financial statements of Equal Opportunity Schools as of and for the year ended July 31, 2021, were audited by Jones & Associates PLLC, whose partners and professional staff joined Jacobson Jarvis & Co PLLC as of September 1, 2022, and has subsequently cleared operations. Jones & Associates PLLC expressed an unmodified opinion on those statements in their report dated March 9, 2022.



Jacobson Jarvis & Co, PLLC  
Seattle, Washington  
January 24, 2023

EQUAL OPPORTUNITY SCHOOLS  
STATEMENTS OF FINANCIAL POSITION

JULY 31, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$10,089,588	\$ 3,045,611
Investments	13,657,810	6,106,670
Accounts receivable	1,351,399	2,781,884
Contributions receivable, current	1,088,888	3,142,234
Prepaid licenses, net current	111,807	133,246
Prepays expenses and other assets	79,269	57,096
Total Current Assets	<u>26,378,761</u>	<u>15,266,741</u>
Contributions receivable, net of current	474,500	505,285
Prepaid licenses, net of current	13,280	29,217
Property and Equipment, net	<u>297,968</u>	<u>290,177</u>
	<u>\$27,164,509</u>	<u>\$16,091,420</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts payable	\$ 203,840	\$ 304,008
Accrued payroll liabilities	566,369	567,950
Deferred revenue	5,579,300	88,950
Deferred rent, current portion	11,322	19,809
Forgivable note payable, current portion	-	1,216,100
Total Current Liabilities	<u>6,360,831</u>	<u>2,196,817</u>
Deferred rent, net current portion	<u>163,675</u>	<u>135,379</u>
Total Liabilities	<u>6,524,506</u>	<u>2,332,196</u>
Net Assets		
Without donor restriction	18,237,348	9,179,473
With donor restriction	<u>2,402,655</u>	<u>4,579,751</u>
Total Net Assets	<u>20,640,003</u>	<u>13,759,224</u>
	<u>\$27,164,509</u>	<u>\$16,091,420</u>

See notes to financial statements.

EQUAL OPPORTUNITY SCHOOLS

STATEMENTS OF ACTIVITIES

YEARS ENDED JULY 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 8,094,229	\$ 5,361,453	\$ 13,455,682	\$ 3,327,230	\$ 2,014,000	\$ 5,341,230
Program service fees	8,044,946		8,044,946	6,382,908		6,382,908
Investment return	(447,936)	-	(447,936)	750,136	-	750,136
Other	-	-	-	3,163	-	3,163
	<u>15,691,239</u>	<u>5,361,453</u>	<u>21,052,692</u>	<u>10,463,437</u>	<u>2,014,000</u>	<u>12,477,437</u>
Net asset releases:						
Satisfaction of program restrictions	7,538,549	(7,538,549)	-	2,402,700	(2,402,700)	-
Satisfaction of time requirements	-	-	-	799,196	(799,196)	-
	<u>7,538,549</u>	<u>(7,538,549)</u>	<u>-</u>	<u>3,201,896</u>	<u>(3,201,896)</u>	<u>-</u>
Total support and revenue	<u>23,229,788</u>	<u>(2,177,096)</u>	<u>21,052,692</u>	<u>13,665,333</u>	<u>(1,187,896)</u>	<u>12,477,437</u>
<b>EXPENSES</b>						
Program services	9,976,146		9,976,146	8,093,460		8,093,460
Management and general	4,150,854		4,150,854	3,131,321		3,131,321
Fundraising	44,913		44,913	38,727		38,727
Total Expenses	<u>14,171,913</u>		<u>14,171,913</u>	<u>11,263,508</u>		<u>11,263,508</u>
CHANGE IN NET ASSETS	9,057,875	(2,177,096)	6,880,779	2,401,825	(1,187,896)	1,213,929
<b>NET ASSETS</b>						
Net Assets - Beginning of Year	<u>9,179,473</u>	<u>4,579,751</u>	<u>13,759,224</u>	<u>6,777,648</u>	<u>5,767,647</u>	<u>12,545,295</u>
Net Asset - End of Year	<u>\$ 18,237,348</u>	<u>\$ 2,402,655</u>	<u>\$ 20,640,003</u>	<u>\$ 9,179,473</u>	<u>\$ 4,579,751</u>	<u>\$ 13,759,224</u>

EQUAL OPPORTUNITY SCHOOLS

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JULY 31, 2022 AND 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Payroll and related	\$ 7,510,043	\$ 1,603,706	\$ 44,809	\$ 9,158,558	\$ 6,462,161	\$ 1,379,939	\$ 38,557	\$ 7,880,657
Professional fees	1,351,885	1,077,567	-	2,429,452	842,843	671,817	-	1,514,660
Information technology	356,366	426,241	-	782,607	366,287	438,110	-	804,397
Travel	188,714	208,430	-	397,144	25,624	28,301	-	53,925
Occupancy	8,659	328,112	-	336,771	8,170	309,601	-	317,771
Professional development	62,163	111,299	-	173,462	15,646	28,013	-	43,659
Office expenses	81,952	84,513	-	166,465	78,481	80,934	-	159,415
Grants	160,000	-	-	160,000	22,197	-	-	22,197
Conferences and meetings	73,671	63,844	-	137,515	24,809	21,500	-	46,309
Taxes	268	124,314	-	124,582	38	17,634	-	17,672
Advertising and promotion	78,130	12,652	-	90,782	124,599	20,176	-	144,775
Telephone	38,186	20,294	104	58,584	62,714	33,329	170	96,213
Depreciation	-	48,791	-	48,791	-	68,985	-	68,985
Insurance	34,568	13,559	-	48,127	17,759	6,966	-	24,725
Minor equipment	20,462	12,277	-	32,739	39,797	23,877	-	63,674
Postage and shipping	8,137	7,127	-	15,264	2,158	1,892	-	4,050
Printing and publication	2,942	8,128	-	11,070	177	247	-	424
Total Expenses	<u>\$ 9,976,146</u>	<u>\$ 4,150,854</u>	<u>\$ 44,913</u>	<u>\$ 14,171,913</u>	<u>\$ 8,093,460</u>	<u>\$ 3,131,321</u>	<u>\$ 38,727</u>	<u>\$ 11,263,508</u>

EQUAL OPPORTUNITY SCHOOLS

STATEMENTS OF CASH FLOWS

YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from contributions and grants	\$ 19,823,713	\$ 5,821,083
Cash received from program service fees	9,485,590	5,343,512
Cash received from investment income and other	924	224,252
Cash paid to employees	(8,950,623)	(7,806,075)
Cash paid to vendors	<u>(5,259,045)</u>	<u>(2,606,202)</u>
Net Cash Provided by Operating Activities	<u>15,100,559</u>	<u>976,570</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	-	544,473
Purchase of investments	(8,000,000)	(230,305)
Purchase of property and equipment	<u>(56,582)</u>	<u>(73,335)</u>
Net Cash (Used) Provided by Investing Activities	<u>(8,056,582)</u>	<u>240,833</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	7,043,977	1,217,403
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents - beginning of year	<u>3,045,611</u>	<u>1,828,208</u>
Cash and Cash Equivalents - end of year	<u>\$ 10,089,588</u>	<u>\$ 3,045,611</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Gain on forgiveness of loan payable	<u>\$ 1,216,100</u>	<u>\$ -</u>



## EQUAL OPPORTUNITY SCHOOLS

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Equal Opportunity Schools (the Organization) is a not-for-profit corporation organized to ensure that all students have the opportunity to succeed in challenging high school courses. The Organization partners with school, district, county, state, and national leaders to close race, income enrollment, and success gaps in their advanced placement and international baccalaureate programs, dramatically improving student engagement, achievement, college readiness, and success. Support and revenue are primarily composed of contributions and program service fees.

##### Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*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. The Organization had no perpetually restricted net assets at July 31, 2022 and 2021.

##### Cash

For purposes of the statements of cash flows, the Organization considers all checking and savings accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At times, cash and cash equivalents may exceed federally insured limits. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

##### Contributions Receivable

Contributions receivable are recognized in the period the pledge is received and consist of outstanding promises to give from a variety of individuals and foundations. 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 more than one year have been discounted to the present value of estimated cash flows. The Organization uses a discount rate of 2.0% to calculate the net present value of contributions receivable due in more than one year. Management has not established an allowance for uncollectible balances based upon the Organization's historical experience in the collection of balances due.

EQUAL OPPORTUNITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consist of program service fees due from school districts. Accounts receivable are stated at the amount management expects to collect from outstanding balances and are due within one year. All accounts receivable are unsecured. No allowance for uncollectible balances has been established by management based on the Organization's historical experience in the collection of balances due.

Prepaid Licenses

Prepaid licenses consist of software licenses that are carried at cost if purchased, or at fair value if donated. The licenses are shown net of amortization and are being amortized over the life of the license, generally over a period of one to three years.

Investments

The Organization carries investments with readily determinable fair values at their fair values in the statements of financial position. Investment return is included in net assets without donor restrictions in the accompanying statement of activities.

Fair Value Measurements

In accordance with financial accounting standards, a three-tiered hierarchy of input levels is used for measuring fair value. Financial accounting standards defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques utilized to determine fair value are consistently applied. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. The three tiers of inputs used for fair value measurements are as follows:

- Level 1      Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2      Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.
- Level 3      Inputs that are not observable that reflect management's assumptions and estimates.

Property and equipment

Property and equipment is carried at cost if purchased, or at fair value if donated. Depreciation is computed using the straight-line method, currently over a period of four to seven years. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$2,500.

## EQUAL OPPORTUNITY SCHOOLS

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

#### NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized until the conditions on which they depend have been met. Contributions are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. 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 restriction.

Program services fees may give rise to performance obligations for the Organization. Revenue from program services fees with performance obligations is recognized when the Organization satisfies a performance obligation by transferring a promised good or service to a customer at a point in time. For the Organization, these revenues consist of program service fees for consulting services. The fee does not have a significant financing component, and the consideration amount is not variable. For the related performance obligations, control of the promised good or service transfers to the customer at a point in time. Payment is typically due when the customer completes registration and revenue is recognized in the period in which the related consulting service is performed. The Organization records revenue in the period in which the related consulting service is performed. Accordingly, fees received for future consulting are deferred until the service commences.

##### Functional allocation of expenses

The financial statements report certain categories of expenses that are attributable to program or supporting functions of the Organization. Those expenses include salaries and benefits allocated based on estimates of time and effort, professional fees based on estimates of time and effort, occupancy based on square footage, and the information technology department is allocated based on estimates of time and costs of specific technology utilized.

##### Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

EQUAL OPPORTUNITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Subsequent Events

Subsequent events were evaluated through January 24, 2023, which is the date the financial statements were available to be issued.

NOTE B - LIQUIDITY

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at July 31:

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$10,089,588	\$ 3,045,611
Investments	13,657,810	6,106,670
Accounts receivable	1,351,399	2,781,884
Contributions receivable	<u>1,563,388</u>	<u>3,647,519</u>
Total financial assets	26,662,185	15,581,684
Less those unavailable for general expenditures within one year:		
Receivable balances to be collected in future years	<u>(474,500)</u>	<u>(505,285)</u>
Financial assets available within one year	<u>\$26,187,685</u>	<u>\$ 15,076,399</u>

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipt of service revenue in August and January. The Organization has an informal operating reserve that the governing board suggested with the objective of setting funds aside to be drawn upon in the event of financial distress or immediate liquidity need. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization could also draw upon a line of credit against the assets in the investment account. The Organization receives significant contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

EQUAL OPPORTUNITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

NOTE C - INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following at July 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,129,295	\$ -	\$ -	\$ 2,129,295
EFTs	2,274,312	-	-	2,274,312
Bonds				
Corporate	521,768	-	-	521,768
Government	605,680	-	-	605,680
Foreign	73,218	-	-	73,218
	<u>\$ 5,604,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>5,604,273</u>
Cash and cash equivalents held for investment				1,561,583
Certificates of deposit				6,491,954
			Total investments	<u>\$ 13,657,810</u>

Investments consist of the following at July 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 2,175,701	\$ -	\$ -	\$ 2,175,701
EFTs	2,277,251	-	-	2,277,251
Stocks	433,415	-	-	433,415
Bonds				
Corporate	378,964	-	-	378,964
Government	697,457	-	-	697,457
Foreign	38,890	-	-	38,890
	<u>\$ 6,001,678</u>	<u>\$ -</u>	<u>\$ -</u>	<u>6,001,678</u>
Cash and cash equivalents held for investment				104,992
			Total investments	<u>\$ 6,106,670</u>

NOTE D - CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following at July 31:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 1,088,888	\$ 3,142,234
Receivable in one to five years	475,688	506,473
	1,564,576	3,648,707
Less discount on pledges	(1,188)	(1,188)
	<u>\$ 1,563,388</u>	<u>\$ 3,647,519</u>

EQUAL OPPORTUNITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

NOTE E - PREPAID LICENSES

Prepaid licenses consist of the following at July 31:

	<u>2022</u>	<u>2021</u>
Cost	\$ 176,361	\$ 291,670
Less accumulated amortization	<u>(51,274)</u>	<u>(129,207)</u>
	<u>\$ 125,087</u>	<u>\$ 162,463</u>

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at July 31:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 296,763	\$ 196,613
Leasehold improvements	<u>245,322</u>	<u>245,322</u>
	542,085	441,935
Less accumulated depreciation	<u>(244,117)</u>	<u>(151,758)</u>
	<u>\$ 297,968</u>	<u>\$ 290,177</u>

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are composed of the following restrictions at July 31:

	<u>2022</u>	<u>2021</u>
Increase student access and success	\$ 1,839,980	\$ 2,881,751
Time restricted contributions	<u>562,675</u>	<u>1,698,000</u>
	<u>\$ 2,402,655</u>	<u>\$ 4,579,751</u>

NOTE H - PRIORITY CREDIT LINE

During the year ended July 31, 2019, the Organization entered into a line of credit that is a percentage of the total assets held in a designated investment account. As of July 31, 2022, available credit is \$700,266. Drawn funds would incur an interest rate of 5% annually. There was no borrowing on the priority credit line during the years ended July 31, 2022 and 2021 and no balance outstanding at July 31, 2022 and 2021. The line of credit is secured by the Organizations assets held in a designated investment account.

NOTE I - FORGIVABLE NOTE PAYABLE

The Organization entered into a Small Business Administration Paycheck Protection Program Promissory Note with a bank on April 29, 2020 for \$1,216,100 with a maturity date of April 30, 2022. The note is unsecured with an interest rate of 1%. The note was fully forgiven in the year ended July 31, 2022.

EQUAL OPPORTUNITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

NOTE J - CONDITIONAL GRANT

During the year ended July 31, 2022, the Organization received notice of a multi-year grant award for \$8,500,000. \$5,500,000 was received by the Organization in the year ended July 31, 2022 but as the conditions were not met the amounts are included in deferred revenue. The remaining balance of the award will be distributed in future years and as conditions are met the award will be recognized as revenue.

NOTE K - LEASE COMMITMENT

The Organization has a noncancelable operating lease for its office space through January 31, 2031. Rent expense under this lease was \$336,771 and \$317,771 for the years ended July 31, 2022 and 2021, respectively. Future minimum rental payments under this new lease are as follows for the years ending July 31:

2023	\$	204,395
2024		212,882
2025		221,369
2026		229,856
2027		238,343
Thereafter		<u>901,744</u>
	\$	<u>2,008,589</u>

NOTE L - RETIREMENT PLAN

The Organization provides a defined contribution retirement plan (the Plan) under 403(b) of the Internal Revenue Code for eligible employees. Contributions to the Plan are made at the discretion of the Board of Directors and are 100% vested at the time of contribution. The Organization contributed \$486,351 and \$243,599 to the Plan during the years ended July 31, 2022 and 2021, respectively.

NOTE M - CONCENTRATIONS

At July 31, 2022, one donor represented 66% of total contributions receivable. At July 31, 2021, two donors represented 40% of total contributions receivable.

One government department represented 72% and 68% of total accounts receivable at July 31, 2022 and 2021, respectively.

EQUAL OPPORTUNITY SCHOOLS

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2022 AND 2021

NOTE N - RISKS AND UNCERTAINTIES

In December 2019, a novel strain of coronavirus (COVID-19) was first reported. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. Management is actively monitoring the situation but given the daily evolution of the COVID-19 outbreak, the Organization is not able to estimate the effects of the COVID-19 outbreak on its operations or financial condition in the next twelve months. While significant uncertainty remains, the Organization does not believe the COVID-19 outbreak will have a negative impact on its ability to raise operating dollars or continue to support its community partners.

Any further impacts of the pandemic will depend on numerous evolving factors that cannot be reasonably predicted, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability.

Overall, the Organization remains in strong financial position and does not project a cash shortfall in the next fiscal year.