OPEN SCHOOL, INC.

Financial Statements
Year Ended June 30, 2021
With Independent Auditor's Report

OPEN SCHOOL, INC.
FOR THE YEAR ENDED JUNE 30, 2021
CONTENTS

PERKINS & CO

+ 1211 SW Fifth Avenue, Suite 1000
+ Portland, Oregon 97204-3710
+ Telephone: 503.221.0336
+ Fax: 503.294.4378
+ www.perkinsaccounting.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Open School, Inc.
Portland, Oregon

We have audited the accompanying financial statements of Open School, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Open School, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Open School, Inc. 2020 financial statements, and our report dated June 1, 2021, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Perkins & Company, P.C.

January 5, 2022

OPEN SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(With comparative totals for 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	$ 1,820,794	$ 1,668,031
Accounts receivable	523,339	572,530
Grants and contributions receivable	205,157	86,736
Prepaid expenses	34,417	100
Note receivable	-	250,000
Property and equipment, net	5,725,605	5,964,176
Total assets	$ 8,309,312	$ 8,541,573
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 53,785	$ 88,953
Accrued payroll and related expenses	163,381	224,035
Deferred rent	51,189	39,503
Notes payable, net	553,885	1,149,649
Total liabilities	822,240	1,502,140
COMMITMENTS AND CONTINGENCIES		
NET ASSETS:		
Net assets without donor restrictions		
Available for programs and operations	2,107,105	1,606,959
Net investment in property and equipment	5,171,720	5,384,227
Total net assets without donor restrictions	7,278,825	6,991,186
Net assets with donor restrictions	208,247	48,247
Total net assets	7,487,072	7,039,433
	$ 8,309,312	$ 8,541,573

See notes to financial statements.

OPEN SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020
OPERATING REVENUES AND OTHER SUPPORT:				
Contributions	$ 806,307	$ 165,000	$ 971,307	$ 506,399
Grant and contract revenues	3,188,153	-	3,188,153	2,718,781
In-kind contributions	-	-	-	2,613
Special event revenue, net of direct benefit costs of $0 for 2021	242,621	-	242,621	181,913
Other income	569,700	-	569,700	688,034
Investment income	28,564	-	28,564	1,383
Net assets released from restrictions	5,000	(5,000)	-	-
Total operating revenues and other support	4,840,345	160,000	5,000,345	4,099,123
EXPENSES:				
Program services:				
Open School East	1,779,551	-	1,779,551	2,531,216
Step Up	1,734,779	-	1,734,779	1,640,259
Supporting services:				
Management and general	726,306	-	726,306	314,619
Fundraising	312,070	-	312,070	435,620
Total expenses	4,552,706	-	4,552,706	4,921,714
INCREASE (DECREASE) IN NET ASSETS	287,639	160,000	447,639	(822,591)
NET ASSETS AT BEGINNING OF YEAR	6,991,186	48,247	7,039,433	7,862,024
NET ASSETS AT END OF YEAR	$ 7,278,825	$ 208,247	$ 7,487,072	$ 7,039,433

See notes to financial statements.

OPEN SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for 2020)

				Supporting Services		Total	
	Open School East	Step Up	Total	Management and General	Fundraising	2021	2020
EXPENSES:							
Salaries and related expenses	$ 1,202,586	$ 1,586,825	$ 2,789,411	$ 376,838	$ 226,371	$ 3,392,620	$ 3,578,701
Professional fees and services	50,704	1,570	52,274	155,771	51,750	259,795	179,894
Staff training	1,376	17,247	18,623	18,420	6	37,049	25,333
Travel and transportation	4,136	7,473	11,609	504	1,446	13,559	34,685
Program activities and services	94,622	78,108	172,730	42,927	11,118	226,775	313,900
Curriculum and educational materials	16,746	7,738	24,484	6,731	1,326	32,541	14,568
Supplies and equipment	50,119	32,082	82,201	22,367	9,319	113,887	211,873
Printing and postage	966	2,029	2,995	1,307	1,959	6,261	11,448
Community relations	440	-	440	-	5,650	6,090	6,691
Insurance	-	-	-	40,039	-	40,039	88,766
Miscellaneous	6,916	-	6,916	150	2,925	9,991	48,621
Building maintenance and cleaning	72,256	-	72,256	30,117	200	102,573	62,480
Utilities, telephone and internet	34,106	-	34,106	3,191	-	37,297	50,358
Interest expense	-	-	-	24,037	-	24,037	40,847
Depreciation and amortization	244,578	1,707	246,285	3,907	-	250,192	253,549
Total expenses	$ 1,779,551	$ 1,734,779	$ 3,514,330	$ 726,306	$ 312,070	$ 4,552,706	$ 4,921,714

See notes to financial statements.

OPEN SCHOOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 447,639	$ (822,591)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation and amortization	250,192	253,549
Gain on disposal of property and equipment	-	(683,675)
Deferred rent	11,686	13,161
PPP loan forgiveness	(569,700)	-
Net changes in:		
Accounts receivable	49,191	396,342
Grants and contributions receivable	(118,421)	60,053
Prepaid expenses	(34,317)	20,463
Accounts payable	(35,168)	64,081
Accrued payroll and related expenses	(60,654)	190,085
Asset retirement obligation	-	(305,520)
Net cash used in operating activities	(59,552)	(814,052)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(8,603)	-
Proceeds from sales of property and equipment	-	1,519,440
Proceeds from repayment of note receivable	250,000	-
Net cash provided by investing activities	241,397	1,519,440
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	(29,082)	(28,079)
Proceeds from notes payable	-	569,700
Proceeds from borrowing on line of credit	-	179,534
Principal payments on line of credit	-	(179,534)
Net cash (used in) provided by financing activities	(29,082)	541,621
NET INCREASE IN CASH AND CASH EQUIVALENTS	152,763	1,247,009
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,668,031	421,022
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,820,794	$ 1,668,031

See notes to financial statements.

OPEN SCHOOL, INC.
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2021
(With comparative totals for 2020)

	2021	2020
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 24,037	$ 40,847
Non-cash transactions:		
Note receivable from sale of property	$ -	$ 250,000
PPP loan forgiveness	$ 569,700	$ -

See notes to financial statements.

NOTE 1 – NATURE OF OPERATIONS

Open School, Inc. (the Organization) is an Oregon nonprofit organization providing alternative educational experiences, counseling, and career services for high school, and post-secondary at-risk youth. Primary funding is provided by Portland Public Schools (PPS), Centennial School District, David Douglas School District, Gresham-Barlow School District, Parkrose School District, Reynolds School District, the City of Portland, and the federal government. Other funding is provided through grants and contracts from foundations and corporations.

The majority of the Organization's support is from contracts to carry out its programs. For the years ended June 30, 2021 and 2020, revenues approximated $1.7 million (40%) and $1.0 million (29%) from a contract with Portland Public Schools, respectively.

Open School's Programs are as follows:

Open School East: A 9-12th grade academy in partnership with Centennial, Gresham-Barlow, Parkrose, Portland Public, Reynolds, and David Douglas School Districts, and the University of Portland's School of Education. The program deploys strategies designed to engage and accelerate off-track students. Using early-warning indicators, the Organization identifies young and marginalized students who are at risk of dropping out, providing them with culturally inclusive, relationship-based, extended-day and -year school programming, which focuses on engagement and skill-acceleration, preparing students for post-secondary success. Strategies include active recruitment of students, summer social-emotional leadership academy, restorative accountability, intensive family engagement, and preparation emphasizing cultural identity, essential skills, social justice, and the arts. Staff from partner districts are provided professional development in best practices for engaging marginalized students, while assisting in teaching students at the School. The program is supported by the five partner school districts as well as private foundation and individual gifts.

Step Up: School-year tutoring, mentoring, leadership development, advocacy, and summer program services for students enrolled at Roosevelt High School, Franklin High School, and Madison High School who are identified as needing academic and social support to succeed in their public high school. The program focuses on intensive engagement with incoming 9th graders, with continued support through high school. Step Up engages students in the summer prior to 9th grade, and focuses on full, timely credit attainment, and active student engagement in school to keep students on track to graduation. This program is funded by a combination of grants and contracts with Portland Public School District, the Portland Children's Levy, private foundations, and individual donors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. The organization reports information regarding its financial position and activities to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net Assets Without Donor Restrictions* – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

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

Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets with donor restriction (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Revenue Recognition - Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. 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 restrictions when the conditions on which they depend are substantially met.

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is communicated to the Organization. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions of services are recognized when they are received if the 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 donated. The value of contributed services recognized as revenues in the accompanying statement of activities was $0 and $1,600 for the years ended June 30, 2021 and 2020, respectively. Contributed services are volunteered to the educational programs by teacher aides, guest speakers, service and project partners, internship supervisors, mentors and assistants for school trips for which no value has been recognized.

In-kind contributions consist of donated goods for use in school facilities or fundraising events. The estimated fair value of the donations was $0 and $1,013 for the years ended June 30, 2021 and 2020, respectively, and they are reflected as revenues in the accompanying statement of activities.

The Organization recognizes revenue under the guidance of Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, with the exception of contributions which are outside the scope of the standard. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied to achieve the core principle that an organization should recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services.

Government grants and contracts are recognized as revenue as services are provided.

The timing of revenue recognition was as follows for the year ended June 30, 2021:

Revenue recognized over time	$ 2,984,888
Revenue not subject to ASC 606	2,015,457
Total	$ 5,000,345

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable - Accounts receivable are substantially comprised of amounts due from funding sources (primarily government agencies) based upon annual contracts to provide educational services. Billings are prepared monthly, based on services provided. The Organization does not assess finance charges on past due accounts. Based on an assessment of the credit history with those having outstanding balances and current relationships, the Organization considers all accounts receivable to be fully collectible at year end. Accordingly, no allowance for doubtful accounts is required.

Property and Equipment, Net - Property and equipment are recorded at cost when purchased. Donated assets are reflected as contributions at their estimated fair values on the date received. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from three to 30 years.

In accordance with FASB ASC Topic No. 360-10-35, *Property, Plant and Equipment – Subsequent Measurement,* the Organization periodically reviews the carrying value of its property and equipment to determine if impairment exists. If facts or circumstances support the possibility of impairment, the Organization will prepare a projection of the undiscounted future operating cash flows. In cases when the Organization does not expect to recover its carrying value, an impairment loss will be recognized. At June 30, 2021 and 2020, management does not believe that there are any factors or circumstances indicating impairment of property and equipment.

Income Taxes - The Organization has been granted not-for-profit status in accordance with Section 501(c)(3) of the Internal Revenue Code and are therefore generally exempt from federal and state income taxes. Accordingly, no provision for income taxes has been provided in the accompanying financial statements.

To the extent that the Organization was assessed interest or penalties associated with income tax positions, such expense would be recognized as interest expense. As of June 30, 2021 and 2020, the Organization had no unrecognized tax benefits.

Concentration of Credit Risk - The Organization maintains cash balances at accredited financial institutions in Oregon which are insured by the Federal Deposit Insurance Corporation up to $250,000 and at times, may exceed federally insured limits. However, the Organization limits this exposure by using insured cash sweep accounts which balance the funds across affiliated banks while maintaining all balances below the insured limits. At year end, June 30, 2021, the Organization had an uninsured balance of $1,570,794. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

Credit risk for contributions and accounts receivable is concentrated as follows at June 30, 2021: 83% of total pledges receivable are from three entities and 75% of accounts receivable are from two entities. Credit risk for contributions and accounts receivable is concentrated as follows at June 30, 2020: 99% of total pledges receivable are from two entities and 83% of accounts receivable are from three entities.

Functional Allocation of Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses by natural classification are presented in the statement of functional expenses.

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, 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.

Summarized Financial Information for 2020 - The financial statements include certain prior-year summarized comparative information. 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, 2020, from which the summarized information was derived.

Recently Adopted Accounting Standards - In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet 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. The new standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into, after the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization has not yet evaluated the impact of adoption of this standard on the financial statements.

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new standard updates financial statement disclosures for nonfinancial donated assets, both on the face of the Statement of Activities as well as in the notes to the financial statements to provide some clarity regarding the amount of in-kind donations as well as how management determined the value of the donations. The new standard is effective for fiscal years beginning after June 15, 2021. The Organization has not yet evaluated the impact of adoption of this standard on the financial statements.

NOTE 3 – GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable, less an appropriate reserve when necessary, are recorded at their estimated fair value. Amounts due more than one year later are recorded at the fair value of the estimated future cash flows, discounted at adjusted risk-free rates. Amortization of the discount is credited to contribution income.

Grants and contributions receivable consist of the following at June 30:

	2021	2020
Unconditional contributions expected to be collected in:		
Less than one year	$ 35,157	$ 510
	35,157	510
Grants receivable	170,000	86,226
	$ 205,157	$ 86,736

NOTE 4 – PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at June 30:

	2021	2020
Land	$ 450,000	$ 450,000
Buildings	6,252,042	6,252,042
Furniture and equipment	425,293	416,690
Vehicles	-	29,170
	7,127,335	7,147,902
Less accumulated depreciation	(1,401,730)	(1,183,726)
	$ 5,725,605	$ 5,964,176

Depreciation expense was $247,174 and $250,531 for the years ended June 30, 2021 and 2020, respectively.

NOTE 5 – ASSETS HELD FOR SALE

The Organization decided to close Open School North at the end of the 2017-2018 academic year and sell the related real property. Concurrent with the Organization's decision, the assets were reclassified as held for sale. Depreciation of the assets held for sale ceased as of the date the facilities were no longer in service. In June 2020, the Organization entered into an agreement for the sale of real property for the North Emerald property, pending demolition of the building by the Organization. An asset retirement obligation of $305,520 was recorded by the Organization to account for demolition costs. In April 2020, the Organization closed on a sale of the property for $1,150,000. Consideration received for the property included a note receivable from the buyer for $250,000, maturing April 2021. Interest on the note is 10% and payable monthly. The note receivable was fully paid during the year ending June 30, 2021.

NOTE 6 – NOTES PAYABLE, NET

The Organization entered into a note payable, effective November 13, 2015, due to the City of Gresham in the amount of $727,000, maturing August 2035. Annual principal payments, beginning in the amount of $24,000 and increasing annually, commenced in August 2017. The loan term will extend over 20 years, with one year of interest-only payments at 4.0% once funds are disbursed for construction purposes, and then payments with principal amortized over 19 years. The August 2021 payment was partially paid in 2021 by the Organization. The note is secured by property and equipment of the Organization.

In May 2020, the Organization received funding in the form of a $569,700 note issued by First Republic Bank pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program (the PPP). Amounts on the Note accrue interest at an annual rate of 1%. During the first six months of the Note, there is no principal or interest required to be paid. Thereafter, to the extent the note is not forgiven under the PPP, the outstanding balance of the Note converts to an amortizing term loan payable monthly over an eighteen-month period. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds within the specified time period for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the period. The Organization applied for loan forgiveness, and effective February 24, 2021 the Organization received full forgiveness for the note payable from the U.S. Small Business Administration and recognized loan forgiveness within other income on the statement of activities for the year ended June 30, 2021.

Long-term debt consists of the following as of June 30:

	2021	2020
Note payable to the City of Gresham	$ 597,928	$ 627,010
PPP note payable	-	569,700
Less: debt issuance costs	(44,043)	(47,061)
	$ 553,885	$ 1,149,649

Amortization of the debt issuance costs are reported as depreciation and amortization expense in the statement of activities and was $3,018 during the years ended June 30, 2021 and 2020.

Future minimum principal payments on the notes payable consist of the following:

Years ending June 30:

2022	$ 1,928
2023	30,000
2024	31,000
2025	32,000
2026	33,000
Thereafter	470,000
	$ 597,928

NOTE 7 – LINE OF CREDIT

Effective January 26, 2021, the Organization entered into a revolving line of credit agreement with First Republic Bank to borrow up to $300,000. The note was renewed on May 26, 2021 to extend the term of the line of credit. The agreement matured on November 30, 2021 and required monthly interest payments at the Wall Street Journal prime rate (3.25% as of June 30, 2021) and was collateralized by property and equipment of the Organization.

NOTE 8 – OPERATING LEASE

The Organization entered into a non-cancelable operating lease agreement with the Boys & Girls Club of Portland Metropolitan Area, whereby Open School East will have access to a portion of the facilities owned by the Boys & Girls Club. The lease agreement is for a 20-year term, with an option to extend the lease for one 10-year period. During the year ended June 30, 2021, the lease was modified to forgive 12 months of rent and reduce the base rent beginning in August 2020.

Future minimum payments consist of the following as of June 30, 2021:

Years ending June 30,

2022	$ 33,773
2023	37,687
2024	38,629
2025	39,595
2026	40,585
Thereafter	532,870
	$ 723,139

The lease arrangement provides for escalating lease payments at a rate of 2.5% per year during the term of the lease. For financial statement purposes, the total amount to be paid under a lease is recorded as rent expense on a straight-line basis over the respective lease term. The difference between the amounts recorded as rent expense and the amounts actually paid to the lessor during a reporting period is recorded as an adjustment to deferred rent in the accompanying statement of financial position. Rent expense recognized on a straight-line basis related to this lease totaled $16,631 and $72,137 during the years ended June 30, 2021 and 2020, respectively. Deferred rent totaled $51,189 and $39,503 at June 30, 2021 and 2020, respectively.

The lease with Boys & Girls Club is part of a collaborative partnership agreement. While the Boys & Girls Club will provide access to facilities as part of the arrangement, Open School will operate the food service functions at the facility. Revenue from providing food service as part of this collaborative arrangement is recorded as project revenue and totaled $2,852 during the year ended June 30, 2020. Food service functions were discontinued during the year ended June 30, 2020.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as follows as of June 30:

	2021	2020
Open School East	$ 37,769	$ 42,768
Purpose Restriction	170,478	5,479
Total net assets with donor restrictions	$ 208,247	$ 48,247

NOTE 10 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses and satisfying the following restricted sources as of June 30:

	2021	2020
Open School East	$ 5,000	$ 432,095
Total net assets released from restrictions	$ 5,000	$ 432,095

NOTE 11 – RETIREMENT PLAN

The Organization has a tax-sheltered annuity plan, as defined under Internal Revenue Code Section 403(b), for all eligible employees who elect to participate. The Organization may elect to make voluntary employer contributions each year, and participants may make contributions through a salary reduction agreement. Contributions to the plan for 2021 and 2020 totaled $78,195 and $73,184, respectively.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

In March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. Citizens and the economies of the United States of America and other countries have been negatively impacted by this pandemic. During and subsequent to the end of fiscal 2021, the Organization has been impacted by the spread of COVID-19. The extent to which COVID-19 impacts the Organization's business will depend upon numerous evolving factors that the Organization is not able to predict at this time including results of steps taken and yet to be taken by governments and financial institutions and the ability of the Organization to provide services in person. The significance and the duration of the pandemic's financial impact are indeterminable.

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's working capital and cash flows have a seasonal variation during the year attributable to timing of contributions that are linked to school programs and student populations served. To manage liquidity, the Organization seeks out new donors, works diligently to collect accounts receivable, and manages its spending activity with the goal of maintaining a balanced budget.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts, if any, not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for expenditure in the following year.

	2021	2020
Cash and cash equivalents	$ 1,820,794	$ 1,668,031
Receivables, collected in less than one year	728,496	659,266
Total financial assets	2,549,290	2,327,297
Financial assets available to meet cash needs for expenditures within one year	$ 2,549,290	$ 2,327,297

NOTE 14 – SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through January 5, 2022, the date the financial statements were available to be issued.