StriveTogether, Inc. and Subsidiary

Consolidated Financial Statements
December 31, 2021 and 2020 and
Independent Auditors' Report

STRIVETOGETHER, INC. AND SUBSIDIARY
December 31, 2021 and 2020

Contents

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Accounting • Tax • Business Insight

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Independent Auditors' Report

The Board of Trustees
StriveTogether, Inc. and Subsidiary
Cincinnati, Ohio

Opinion

We have audited the accompanying consolidated financial statements of StriveTogether, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of StriveTogether, Inc. and Subsidiary as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of StriveTogether, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about StriveTogether, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

Independent Auditors' Report
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 consolidated 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 consolidated 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 StriveTogether, 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about StriveTogether, 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.

Barnes, Dennig & Co., Ltd.

April 22, 2022
Cincinnati, Ohio

STRIVETOGETHER, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	$ 11,396,792	$ 7,129,245
Certificates of deposit	2,011,414	-
Accounts receivable	262,052	83,651
Grants receivable	40,000	446,142
Employee Retention Credit grant receivable	502,178	-
Prepaid expenses and other assets	850,432	248,573
Property and equipment, net	421,773	473,852
Total assets	$ 15,484,641	$ 8,381,463
Liabilities		
Accounts payable	$ 215,944	$ 80,766
Accrued liabilities	472,922	525,296
Deferred revenue	87,000	151,090
Capital lease obligation	9,126	15,325
Straight-line rent liability	36,737	39,285
Total liabilities	821,729	811,762
Net Assets		
Without donor restrictions	4,419,813	3,316,616
With donor restrictions	10,243,099	4,253,085
Total net assets	14,662,912	7,569,701
Total liabilities and net assets	$ 15,484,641	$ 8,381,463

See accompanying notes to consolidated financial statements

STRIVETOGETHER, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Grant revenue	$ -	$ 25,441,334	$ 25,441,334
In-kind donations	-	867,244	867,244
Paycheck Protection Program grant	756,455	-	756,455
Employee Retention Credit grant	502,178	-	502,178
Contract service fees	437,860	-	437,860
Sponsorship/convening	201,075	-	201,075
Membership fees	170,158	-	170,158
Other revenue	49,176	-	49,176
Net assets released from restrictions	20,318,564	(20,318,564)	-
Total revenues and other support	22,435,466	5,990,014	28,425,480
Expenses			
Grants to other organizations	11,292,610	-	11,292,610
Personnel	5,841,636	-	5,841,636
Consulting and professional	2,019,447	-	2,019,447
Communications	594,177	-	594,177
Depreciation and amortization	391,675	-	391,675
Information technology	313,653	-	313,653
Conferences, conventions, and meetings	232,431	-	232,431
Occupancy	217,086	-	217,086
Other	184,145	-	184,145
Network stipends and support	152,686	-	152,686
Travel	92,723	-	92,723
Total expenses	21,332,269	-	21,332,269
Change in net assets	1,103,197	5,990,014	7,093,211
Net assets, beginning of year	3,316,616	4,253,085	7,569,701
Net assets, end of year	$ 4,419,813	$ 10,243,099	$ 14,662,912

See accompanying notes to consolidated financial statements

STRIVETOGETHER, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Grant revenue	$ -	$ 29,562,641	$ 29,562,641
Paycheck Protection Program grant	751,700	-	751,700
Contract service fees	392,367	-	392,367
Sponsorship/convening	54,050	-	54,050
Membership fees	173,126	-	173,126
Other revenue	48,362	-	48,362
Net assets released from restrictions	27,763,427	(27,763,427)	-
Total revenues and other support	29,183,032	1,799,214	30,982,246
Expenses			
Grants to other organizations	20,029,910	-	20,029,910
Personnel	5,199,803	-	5,199,803
Consulting and professional	1,292,311	-	1,292,311
Communications	607,785	-	607,785
Depreciation and amortization	373,060	-	373,060
Information technology	368,268	-	368,268
Conferences, conventions, and meetings	148,862	-	148,862
Occupancy	223,130	-	223,130
Other	153,703	-	153,703
Network stipends and support	192,533	-	192,533
Travel	54,238	-	54,238
Total expenses	28,643,603	-	28,643,603
Change in net assets	539,429	1,799,214	2,338,643
Net assets, beginning of year	2,777,187	2,453,871	5,231,058
Net assets, end of year	$ 3,316,616	$ 4,253,085	$ 7,569,701

See accompanying notes to consolidated financial statements

STRIVETOGETHER, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program	Management and General	Fundraising	Total
Grants to other organizations	$ 11,292,610	$ -	$ -	$ 11,292,610
Personnel	3,846,105	837,600	1,157,931	5,841,636
Consulting and professional	1,768,318	231,016	20,113	2,019,447
Communications	389,726	102,809	101,642	594,177
Depreciation and amortization	277,845	55,079	58,751	391,675
Information technology	132,058	139,874	41,721	313,653
Conferences, conventions, and meetings	220,871	11,294	266	232,431
Occupancy	153,995	30,528	32,563	217,086
Other	65,446	113,584	5,115	184,145
Network stipends and support	152,686	-	-	152,686
Travel	63,464	26,269	2,990	92,723
Total expenses	$ 18,363,124	$ 1,548,053	$ 1,421,092	$ 21,332,269

See accompanying notes to consolidated financial statements

STRIVETOGETHER, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	Program	Management and General	Fundraising	Total
Grants to other organizations	$ 20,029,910	$ -	$ -	$ 20,029,910
Personnel	3,495,731	829,244	874,828	5,199,803
Consulting and professional	996,293	230,700	65,318	1,292,311
Communications	412,889	97,880	97,016	607,785
Depreciation and amortization	250,801	59,494	62,765	373,060
Information technology	157,838	146,405	64,025	368,268
Conferences, conventions, and meetings	130,918	12,106	5,838	148,862
Occupancy	150,006	35,584	37,540	223,130
Other	39,200	110,850	3,653	153,703
Network stipends and support	192,533	-	-	192,533
Travel	40,709	6,963	6,566	54,238
Total expenses	$ 25,896,828	$ 1,529,226	$ 1,217,549	$ 28,643,603

STRIVETOGETHER, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 7,093,211	$ 2,338,643
Adjustments to reconcile change in net assets to net cash from operating activities:		
In-kind donations	(867,244)	-
Depreciation and amortization	391,675	373,060
Changes in:		
Accounts receivable	(178,401)	(23,429)
Grants receivable	406,142	685,437
Employee Retention Credit grant receivable	(502,178)	-
Prepaid expenses and other assets	2,421	(112,925)
Accounts payable	135,178	(36,539)
Accrued liabilities	(52,374)	103,907
Deferred revenue	(64,090)	82,948
Straight-line rent liability	(2,548)	67
Net cash provided by operating activities	6,361,792	3,411,169
Cash flows from investing activities		
Purchases of property and equipment	(76,632)	(82,229)
Purchases of certificates of deposit	(2,011,414)	-
Net cash used in operating activities	(2,088,046)	(82,229)
Cash flows from financing activities		
Payments on capital lease obligations	(6,199)	(6,198)
Change in cash and cash equivalents	4,267,547	3,322,742
Cash and cash equivalents, beginning of year	7,129,245	3,806,503
Cash and cash equivalents, end of year	$ 11,396,792	$ 7,129,245

See accompanying notes to consolidated financial statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

StriveTogether, Inc. was incorporated as a not-for-profit organization under the laws of the State of Ohio in 2016. The Organization's mission and principal activities include partnering with communities to ensure every child has every chance to succeed because race, ethnicity, poverty and circumstance should not determine opportunity or outcome. The Organization's revenue and other support are derived principally from grants, contract service revenue and membership fees.

StriveTogether, LLC was established under the laws of the State of Ohio in 2007 as a single-member limited liability company of KnowledgeWorks Foundation. StriveTogether, Inc. became the sole member of StriveTogether LLC in March 2017.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities and financial activities of StriveTogether, Inc. and StriveTogether, LLC (collectively referred to as "Organization"). All significant inter-organizational balances and transactions have been eliminated for purposes of this presentation.

Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021, cash equivalents consisted primarily of money market deposit accounts. There were no cash equivalents at December 31, 2020. The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. At December 31, 2021 and 2020, management considers all balances collectible, thus, there is no allowance for doubtful accounts. At December 31, 2021 and 2020, all receivables were due within one year.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Assets held under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at December 31, 2021 and 2020.

Deferred Revenue

Deferred revenues primarily consist of membership fees and contract service fees. Membership fees received in advance are deferred and recognized over time in the period to which the membership relates. Contract service fees received in advance are deferred and recognized, as the performance obligations within the contracts are satisfied.

Contributions

The Organization records gifts of cash and other assets at their fair value as of the date of the contribution or the unconditional commitment. Such donations are recorded as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Unconditional gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restrictions and then released from restriction. Conditional gifts that are originally restricted by the donor and for which the condition and restriction are met in the same time period are recorded as net assets without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Donations

The Organization receives certain in-kind donations during the year, which are recorded at fair market value as contribution revenue and an asset or expense in the consolidated financial statements. For the year ended December 31, 2021, in-kind donations include Tableau licenses with a fair market value of $867,244. There were no in-kind donations in 2020.

Revenue Recognition

The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, the Organization evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as single or more than one performance obligation.

Revenue from contracts with customers is primarily recognized from membership fees and contract service fees. These contracts consist of a single performance obligation as the promise to transfer the service is not separately identifiable from other promises in the contracts and, therefore, not distinct. Revenue is recognized by the Organization over the time its services are provided to the client. The Organization generally uses the time elapsed method, an input measure, as it considers it to best depict the simultaneous consumption and delivery of its services. The determination of the method by which the Organization measures its progress towards the satisfaction of its performance obligations requires judgment.

The transaction price is stated in the contracts and is known at time of contract inception. There is no variable consideration associated with the Organization's contracts with customers. Memberships fees and contract service fees are generally due within 15 business days of invoicing.

Accounts receivable from contracts with customers as of December 31, 2019 were $60,222.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the consolidated financial statements.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services. Such allocations are determined by management on an equitable basis. The most significant allocations are personnel costs, which were allocated based upon estimates of time spent by Organizations' personnel, and depreciation and occupancy, which were allocated based on full-time equivalents in each function.

Use of Estimates

The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain 2020 figures have been reclassified to conform to the 2021 presentation.

Recently Issued Accounting Standards Update

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating, which will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Organization's year ending December 31, 2022.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. This standard will be effective for the Organization's year ending December 31, 2022.

The Organization is evaluating the impact of these ASUs on its consolidated financial statements.

Subsequent Event Evaluation

Subsequent events have been evaluated through April 22, 2022, which is the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization receives a significant amount of grants that are restricted by the grantors, and considers grants restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations and program commitment will continue to be met, ensuring the Organization's long-term financial sustainability

To ensure liquidity, the Organization forecasts its future cash flows and monitors its liquidity quarterly. Historically, the Organization used a money market sweep account to earn interest. Due to the interest rate dropping to near zero, the Organization closed the sweep account in 2020, as the interest earned was insufficient to cover bank fees incurred. The interest rate then increased in 2021, so the Organization opened a new money market sweep account and a certified deposit account in 2021 to earn interest. In July 2021, the Organization officially established an Investment Committee (a sub-committee under the Finance and Sustainability Committee). As of December 31, 2021, the Investment Committee was in the process of evaluating potential investment opportunities to maximize return, while mitigating risks.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities to achieve its mission of "The success of every child from cradle to career" as well as the conduct of administrative and fundraising activities to support program activities to be general expenditures.

As of December 31, 2021 and 2020, the following table shows the financial assets held by the Organization and the amounts of those financial assets available within one year of the statement of financial position date to meet general expenditures:

	2021	2020
Cash and cash equivalents	$ 11,396,792	$ 7,129,245
Accounts receivable	262,052	83,651
Grants receivable	40,000	446,142
Employee Retention Credit grant receivable	502,178	-
	$ 12,201,022	$ 7,659,038

Subsequent to year end, the Organization received a $7,100,000 grant from the Ballmer Group that is available to meet general expenditures during 2022.

NOTE 3 CERTIFICATES OF DEPOSIT

As of December 31, 2021 and 2020 the Organization held $2,011,414 and $-0-, respectively, in certificates of deposit with an original maturity date greater than three months.

NOTE 4 CONDITIONAL CONTRIBUTION

The Organization has a grant for which the grantor agency's promise to give is conditioned upon the Organization meeting certain requirements under the grant program. At December 31, 2021 and 2020, the Organization had remaining available award balances on the conditional grant of $-0- and $200,000, respectively. These award balances are not recognized as assets and will be recognized as revenue as the conditions are met, generally as qualifications are met.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consisted of the following:

	2021	2020
Leasehold improvements	$ 408,637	$ 408,637
Furniture and fixtures	140,034	133,403
Computers & equipment	231,907	161,906
	780,578	703,946
Less accumulated depreciation	(358,805)	(230,094)
	$ 421,773	$ 473,852

NOTE 6 CAPITAL LEASE OBLIGATION

The Organization leases property and equipment under a capital lease expiring in November 2024. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease and accordingly, it is recorded in the Organization's assets and liabilities.

Future annual minimum lease payments at December 31, 2021 were:

2022	$ 6,198
2023	6,198
2024	5,682
	18,078
Less amount representing interest	(8,952)
	$ 9,126

Property and equipment included the following property held under capital leases at December 31:

	2021	2020
Leasehold improvements	$ 34,590	$ 34,590
Less accumulated depreciation	(20,988)	(16,324)
	$ 13,602	$ 18,266

NOTE 7 PAYCHECK PROTECTION PROGRAM (PPP) GRANT

On May 1, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of $751,700 (First Draw PPP loan). The note has a term of two years and is unsecured and guaranteed by the U.S. Small Business Administration. On March 4, 2021, the Organization entered into a second term note pursuant to the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) Paycheck Protection Program (the Program) for $756,455 (Second Draw PPP loan). The note has a term of five years and is unsecured and guaranteed by the SBA. All or a portion of both notes may be forgiven in accordance with the Program requirements. Interest on the outstanding principal balances will accrue based on the terms of each note at a fixed rate of 1.00%, but neither principal or interest are due and payable during the covered periods. After the covered periods expires, loan payments will be deferred for borrowers who apply for loan forgiveness until the SBA remits the borrower's loan forgiveness amounts to the lender.

The Organization has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the First Draw PPP loan and Second Draw PPP loan. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Paycheck Protection Program are "substantially met" and occur on or before the statement of financial position date.

(A) First Draw PPP Loan – As of December 31, 2020, the Organization estimated that all of the significant conditions under the Program had been substantially met and recognized $751,700 as grant revenue during 2020. In March 2021, the Organization received notification from the SBA that the note was fully forgiven, and the SBA remitted payment to the lender for the full outstanding principal and accrued interest amount.

(B) Second Draw PPP Loan – As of December 31, 2021, the Organization estimated that all of the significant conditions under the Program had been substantially met and recognized $756,455 as grant revenue during 2021. In October 2021, the Organization received notification from the SBA that the note was fully forgiven, and the SBA remitted payment to the lender for the full outstanding principal and accrued interest amount.

NOTE 8 EMPLOYEE RETENTION CREDIT GRANT

The Organization is eligible for the Employee Retention Credit ("ERC") program under the CARES Act for qualified wages paid to employees. As of December 31, 2021, $502,178 is included as a receivable and revenue, which represents refunds due for the quarters ended December 31, 2020 and March 31, 2021. The Organization has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the timing of recognition for ERC.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 are available for the following purposes or periods:

	2021	2020
Purpose restricted:		
Cradle to Career (C2C) network	$ 7,742,211	$ 3,686,470
Training hub	1,674,927	-
Cradle to Career (C2C) grant-making	825,961	261,615
Time restricted:		
For periods after December 31	-	305,000
	$ 10,243,099	$ 4,253,085

NOTE 10 OPERATING LEASE

The Organization leases office space under a noncancelable operating lease that expires in December 2025. The lease calls for escalating rent payments to be made over the life of the lease. The straight-line annual rent expense is $105,490.

The Organization also leases office space under a noncancelable operating lease that expired in December 2021. The lease calls for monthly rent payments ranging from $2,763 to $3,070 to be made over the life of the lease.

Rent expense for these leases included in the consolidated statement of activities for the years ended December 31, 2021 and 2020 was $140,488 and $153,212, respectively.

Future annual minimum lease payments at December 31, 2021 are as follows:

2022	$ 110,731
2023	113,530
2024	116,358
2025	118,078
	$ 458,697

NOTE 11 RETIREMENT PLAN

The Organization established a defined-contribution 401(k) plan covering substantially all employees. The Organization will match 50% of a participant's elective deferral up to 4% of the participant's compensation. Total 401(k) matching contributions were $236,599 and $213,105 for the years ended December 31, 2021 and 2020, respectively.

NOTE 12 CONCENTRATIONS

GAAP requires disclosure of current vulnerabilities due to concentrations. Two funding sources account for approximately 93% and 100% of grants receivable at December 31, 2021 and 2020, respectively. Two funding sources also account for approximately 86% and 92% of total revenues and other support for the years ended December 31, 2021 and 2020, respectively.

NOTE 13 COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact upon many sectors of the economy.

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's operations and financial results will depend on future developments, including the duration and spread of the outbreak within the market in which the Organization operates and the related impact on consumer confidence and spending, all of which are highly uncertain.