connectED

The National Center for College & Career

CONNECTED: THE NATIONAL CENTER FOR COLLEGE AND CAREER

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2021 AND 2020

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ConnectEd: The National Center for College and Career
Berkeley, California

We have audited the accompanying financial statements of ConnectEd: The National Center for College and Career, which comprise the statements of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ConnectEd: The National Center for College and Career as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended September 30, 2021, ConnectEd: The National Center for College and Career adopted new accounting guidance Accounting Standards Update No. 2014-09 *Revenue from Contracts with Customers* (ASC Topic 606). Our opinion is not modified with respect to this matter.

Abbott, Stringham & Lynch

August 12, 2022

CONNECTED: THE NATIONAL CENTER FOR COLLEGE AND CAREER

STATEMENTS OF FINANCIAL POSITION

Assets

	September 30, 2021	September 30, 2020
Current assets:		
Cash	$ 2,155,109	$ 1,125,749
Grants receivable	2,022,953	102,111
Accounts receivable	490,701	367,320
Contract assets	413,089	255,501
Prepaid expenses and other assets	59,777	78,533
Total current assets	5,141,629	1,929,214
Grants receivable, less current portion	1,294,838	-
Property and equipment, net	20,969	48,204
Security deposits	10,397	36,138
	$ 6,467,833	$ 2,013,556

Liabilities and Net Assets

	2021	2020
Current liabilities:		
Accounts payable and accrued expenses	$ 455,764	$ 438,764
Grants payable	841,508	301,792
Contract liabilities	73,705	40,342
Paycheck Protection Program loan payable	371,438	344,400
Total current liabilities	1,742,415	1,125,298
Grants payable, less current portion	775,000	45,708
Total liabilities	2,517,415	1,171,006
Net assets (deficit):		
Without donor restrictions	(33,532)	450,220
With donor restrictions	3,983,950	392,330
Total net assets	3,950,418	842,550
	$ 6,467,833	$ 2,013,556

CONNECTED: THE NATIONAL CENTER FOR COLLEGE AND CAREER

STATEMENTS OF ACTIVITIES

	Year Ended September 30, 2021			Year Ended September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Revenue from grants	$ 150,000	$ 6,375,442	$ 6,525,442	$ 300,000	$ 1,025,000	$ 1,325,000
Fee for service revenue	1,617,983	-	1,617,983	1,582,037	-	1,582,037
Contributions - individuals	18,651	-	18,651	10,190	-	10,190
Forgiveness of Paycheck Protection Program loan	344,400	-	344,400	-	-	-
Interest income	340	-	340	533	-	533
Net assets released from restrictions	2,783,822	(2,783,822)	-	2,054,301	(2,054,301)	-
Total revenue and support	4,915,196	3,591,620	8,506,816	3,947,061	(1,029,301)	2,917,760
Functional expenses:						
Program services	4,163,436	-	4,163,436	3,518,945	-	3,518,945
General and administrative	1,192,592	-	1,192,592	679,483	-	679,483
Fundraising	42,920	-	42,920	52,614	-	52,614
Total functional expenses	5,398,948	-	5,398,948	4,251,042	-	4,251,042
Change in net assets	(483,752)	3,591,620	3,107,868	(303,981)	(1,029,301)	(1,333,282)
Net assets, beginning of year	450,220	392,330	842,550	754,201	1,421,631	2,175,832
Net assets (deficit), end of year	$ (33,532)	$ 3,983,950	$ 3,950,418	$ 450,220	$ 392,330	$ 842,550

CONNECTED: THE NATIONAL CENTER FOR COLLEGE AND CAREER

STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended September 30, 2021				Year Ended September 30, 2020			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Personnel expenses:								
Salaries	$ 1,321,038	$ 549,196	$ 28,515	$ 1,898,749	$ 1,638,192	$ 325,161	$ 22,353	$ 1,985,706
Payroll taxes	108,647	45,168	2,345	156,160	120,903	23,998	1,650	146,551
Employee benefits	489,484	203,493	10,565	703,542	538,526	106,891	7,348	652,765
Total personnel expenses	1,919,169	797,857	41,425	2,758,451	2,297,621	456,050	31,351	2,785,022
Other expenses:								
Grants	1,710,000	-	-	1,710,000	485,000	-	-	485,000
Consultants	162,555	107,615	765	270,935	100,427	840	20,500	121,767
Occupancy	141,146	120,731	-	261,877	178,115	87,632	-	265,747
Technology and communication	87,511	14,411	530	102,452	109,068	8,475	528	118,071
Subcontractors	101,012	-	-	101,012	220,921	-	-	220,921
Professional services	-	67,663	-	67,663	-	36,760	-	36,760
Depreciation and amortization	16,865	10,370	-	27,235	21,283	9,220	-	30,503
Travel	22,635	1,056	-	23,691	98,591	5,419	-	104,010
Bad debt	-	21,934	-	21,934	-	-	-	-
Moving expense	-	19,654	-	19,654	-	-	-	-
Insurance	-	13,750	-	13,750	-	13,912	-	13,912
Telephone	-	6,397	150	6,547	546	7,879	110	8,535
Other	-	6,176	-	6,176	-	24,003	-	24,003
Conferences and events	2,543	-	-	2,543	7,373	-	-	7,373
Office supplies	-	1,537	-	1,537	-	1,189	-	1,189
Temporary services	-	1,438	-	1,438	-	26,389	-	26,389
Equipment rental	-	1,100	-	1,100	-	1,203	-	1,203
Printing and postage	-	903	50	953	-	512	125	637
Total other expenses	2,244,267	394,735	1,495	2,640,497	1,221,324	223,433	21,263	1,466,020
Total functional expenses	$ 4,163,436	$ 1,192,592	$ 42,920	$ 5,398,948	$ 3,518,945	$ 679,483	$ 52,614	$ 4,251,042

CONNECTED: THE NATIONAL CENTER FOR COLLEGE AND CAREER

STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 3,107,868	$ (1,333,282)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	27,235	30,503
Forgiveness of Paycheck Protection Program loan	(344,400)	-
Changes in assets and liabilities:		
Grants receivable	(3,215,680)	601,956
Accounts receivable	(123,381)	(124,307)
Contract assets	(157,588)	(149,754)
Prepaid expenses and other assets	18,756	(2,434)
Security deposits	25,741	1,250
Accounts payable and accrued expenses	17,000	(52,536)
Grants payable	1,269,008	247,500
Contract liabilities	33,363	(229,106)
Net cash provided by (used in) operating activities	657,922	(1,010,210)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan payable	371,438	344,400
Net increase (decrease) in cash	1,029,360	(665,810)
Cash, beginning of year	1,125,749	1,791,559
Cash, end of year	$ 2,155,109	$ 1,125,749
Non-cash financing activities:		
Forgiveness of Paycheck Protection Program loan	$ 344,400	$ -

Note 1 - Organization

ConnectEd: The California Center for College and Career (the “Organization”) was founded in 2006 with a belief, and a question. The belief, which still guides our work today, is that every student, especially those furthest from opportunity, deserves a great education. The question was: can a Linked Learning approach work to make that happen? Over the years, partnering with numerous school districts across the country, what started as a hypothesis has since proven to be true. Namely, in community after community, implementing a system of high-quality college and career pathways has had impressive results in engaging all students, educators, school districts, and the wider communities around them.

The Organization’s mission is to partner with school, district, and community leaders to transform education through college and career pathways so that all students, especially those furthest from opportunity, are prepared to succeed in college, career, and civic life. The Organization takes a systemic approach to school improvement as it works across multiple levels of a school system - including with community leaders, district administrators, school leaders, and classroom teachers.

Until 2013, the Organization focused on leading and supporting the nine districts making up the California Linked Learning District Initiative. In 2013, California Assembly Bill 790 expanded the Linked Learning work in California to include twenty new "pilots," many comprised of multiple school districts. In 2014 and again in 2015, through the California Career Pathways Trust, the California legislature invested $250 million in support of college and career pathways in the state. As a result, the Organization's support for Linked Learning in California expanded to serve more than 40 school districts in California.

Over the past 15 years, the Organization has partnered with school districts in 10 states. The Organization’s partnerships include initiatives in large urban school districts in Long Beach, California, Detroit, Michigan Oakland, California, and Portland, Oregon. The Organization also partnered with mid-sized districts in Madison, Wisconsin, and Rockford, Illinois. Most recently, we have been partnering with districts in New Mexico, including Farmington, Gallup McKinley County, and Santa Fe. In addition, The Organization worked with individual schools in both Boston, Massachusetts, and New Orleans, Louisiana, to improve schools’ college- and career-readiness strategies. In each partnership, the Organization works closely with local partners to co-design projects and deliver services that meet their needs.

Briefly, the Organization has:

- ✓ Supported more than fifty communities
- ✓ Served more than 85,000 students
- ✓ Partnered with districts to create more than 300 college and career pathways
- ✓ Trained over 400 Linked Learning coaches
- ✓ Provided professional development to 2,500 pathway teachers

Impact and Results:

A multi-year evaluation conducted by SRI International's Center for Education Policy shows that students in certified Linked Learning pathways within the California Linked Learning District Initiative were more prepared to succeed in college, career, and life compared to peers in traditional high school programs. Specifically, compared with their peers, students in certified Linked Learning pathways earned more credits in high school; reported greater confidence in their life and career skills; and said they were experiencing more rigorous, integrated, and relevant instruction. They were less likely to drop out and more likely to graduate on time. Furthermore, students who had low achievement scores in earlier grades made significant progress when they participated in Linked Learning.

Note 1 - Organization (continued)

Major Financial Donors

The Organization's major financial donors have included: The Barr Foundation, The Bill & Melinda Gates Foundation, The Hearst Foundation, The Hewlett Foundation, The James Irvine Foundation, The Joyce Foundation, The Moxie Foundation, The Skillman Foundation, and The Stuart Foundation.

Note 2 - Management's operational and fundraising plan

For the past nine years, the Organization has been transitioning from an organization supported by two or three major funders to one supported by a more diverse group of foundations, as well as a growing number of "fee-for-service" contracts. This growing reliance on fee-for-service contracts has, in some years, resulted in a decline of net assets, as revenue from these contracts is generally earned as the cost is incurred.

During the fiscal year ended September 30, 2021, the Organization received two large grants from the Bill and Melinda Gates Foundation, totaling $5.7 million. Consequently, the Organization saw a large increase in revenue, as well as net assets. In spring 2022, the Organization also realized renewal of several large fee-for-service contracts. Therefore, the Organization is projecting positive cash flow through August 2023, based entirely on existing grants and contractual commitments. The Organization's cash flow "runway" has lengthened considerably during the year ended September 30, 2021, with the addition of these major new grants and contracts.

Management expects that major contracts with existing clients, expiring in either March 2023 or June 2023, will be renewed. Additionally, there are new grants and contracts in the immediate pipeline totaling $500,000 or more, which are expected to be recognized in the year ending September 30, 2022.

Simultaneously, the Organization continues to aggressively pursue new fee-for-service and grant opportunities. The Organization executed two fee-for-service contracts with two new school districts in June 2022, totaling approximately $400,000.

The Organization received a second draw of approximately $371,000 from the Paycheck Protection Program in January 2021 (Note 13).

In summary, management currently has grants and contracts in place to fully fund the Organization through August 2023, with ongoing business development continuing.

Note 3 - Summary of significant accounting policies

Basis of accounting and financial statement presentation

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 (GAAP) applicable to not-for-profit organizations, whereby net assets and changes therein are classified according to the existence or absence of donor-imposed restrictions.

Note 3 - Summary of significant accounting policies (continued)

Basis of accounting and financial statement presentation (continued)

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

> *Without donor restrictions* - net assets that are not subject to donor-imposed restrictions. This category represents net assets over which the Board of Directors has discretionary control and which are used to carry out operations of the Organization in accordance with its bylaws.
>
> *With donor restrictions* - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. This classification includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates used in preparing these financial statements include the useful lives of property and equipment, revenue recognition, and the allocation of functional expenses. Actual results could differ from those estimates.

Property, equipment, intangible assets, depreciation and amortization

The Organization capitalizes all property and equipment, either purchased or donated, with a value greater than $5,000. Property and equipment are stated at cost if purchased, or if donated, at their estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided using the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

The Organization capitalizes costs incurred to develop internal software to support the Linked Learning curriculum. The capitalized costs are amortized using the straight-line method over the estimated useful life of the software.

The estimated useful lives of the related assets are as follows:

Computers and software	3 years
Internally developed software	3 years
Furniture and fixtures	5 years
Leasehold improvements	Lease term or 5 years, whichever is shorter

Note 3 - Summary of significant accounting policies (continued)

Impairment of long-lived assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. The Organization evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair value. To date, the Organization has not recorded any impairment of its long-lived assets as a result of this analysis.

Accounts and grants receivable

Accounts receivable arise principally from charges to funding sources, generally in proportion to current expenses incurred. The Organization records an allowance for doubtful accounts based on specifically identified amounts that it believes are uncertain and records additional allowances based upon certain percentages of aged receivables, which are determined based on historical experience and consideration of the general financial conditions that may affect payment. At September 30, 2021 and 2020, the Organization has not recorded a provision for uncollectible receivables.

The Organization records grants and contributions receivable when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. The Organization did receive conditional promises to give during the years ended September 30, 2021 and 2020.

Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contribution. Management believes that discounts on long-term grants receivable at September 31, 2021 are immaterial to the financial statements. The long-term grants receivable of $1,294,838 at September 30, 2021 is expected to be collected during the fiscal year ending September 30, 2023. At September 30, 2020, grants receivable are all expected to be received within one year and no discount was recorded.

The Organization records an allowance for doubtful contributed support receivables based on specifically identified amounts that it believes are uncertain as to collectability. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. At September 30, 2021 and 2020, the Organization has not recorded a provision for uncollectible grants and contributions receivables.

Functional expenses

Expenses that can be identified with a specific program or supporting service are charged directly to the related program or supporting service. Expenses that are associated with more than one program or supporting service are allocated based on estimates made by management.

Note 3 - Summary of significant accounting policies (continued)

Revenue recognition - contracts with customers

On October 1, 2020, the Organization adopted ASC 606, *Revenue from Contracts with Customers (ASC 606)* and all the related amendments using the modified retrospective method, whereby the adoption did not impact any prior periods. The effect of adopting the new standard did not require any cumulative effect adjustment to net assets as of October 1, 2020 (the date of initial application). There was no impact to the financial statements as of and for the year ended September 30, 2020.

Fee for service revenue

The Organization’s fee for service revenue is derived from fixed-price contracts with various school districts within the United States to implement a system of high-quality college and career pathways. Revenues from fixed-price contracts are recognized over-time on the basis of the Organization’s actual cost incurred (an input method) as it is the most representative depiction of the Organization's performance because it directly measures the value of the services transferred to these school districts.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in ASC 606. A contract’s transaction price is allocated to each distinct performance obligation within that contract and recognized as revenue when, or as, the performance obligation is satisfied. The majority of the Organization’s contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and is, therefore, not distinct.

Contract assets and contract liabilities

Contract assets represent revenue recognized in excess of amounts billed on contract in progress (typically for fixed-price contracts). The Company anticipates that substantially all incurred costs associated with contract assets as of September 31, 2021 will be billed and collected within one year.

Contract liabilities represent amounts billed or payments received in advance in excess of revenue recognized to date.

The opening balances as of October 1, 2019, of accounts receivable, contract assets, and contract liabilities were $243,013, $105,747 and $269,448, respectively.

Financing component

Substantially all of the Organization's contract arrangements are short-term in nature and do not have any significant financing components as payment is received shortly after the request for payment is issued.

Note 3 - Summary of significant accounting policies (continued)

Revenue recognition - grants and contributions

Grants and contributions

Grants and contributions of cash and other assets are reported as support with donor restrictions if they are received with grantor/donor stipulations that limit the use of the assets. When a grantor/donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

Contributed goods and services

Donated material and equipment are recorded as contributions at their estimated fair value on the date of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization releases net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization records contribution revenue for certain services received based upon the fair value of those services, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not donated.
For the years ended September 30, 2021 and 2020, there were no contributed goods or services which met these criteria.

Tax-exempt status

The Organization has been granted tax-exempt status by the Internal Revenue Service (Section 501(c)(3)) and the California Franchise Tax Board (Section 23701d). The Organization is registered with the Registry of Charitable Trusts of the Office of the Attorney General of the State of California. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization is subject to a tax on income from any unrelated business. The Organization does not believe it has any unrelated business taxable income that should have been reported for tax purposes.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for years ended September 30, 2018 through 2021 are subject to examination by the IRS, generally for three years after they are filed. The Organization's state returns (Form 199) for the years ended September 30, 2017 through 2021 could be subject to examination by state taxing authorities, generally for four years after they are filed.

Note 3 - Summary of significant accounting policies (continued)

Fair value measurements

The Organization has adopted fair value accounting guidance for all applicable assets and liabilities to define fair value, establish a framework for measuring fair value, and enhance fair value measurement disclosure. The application of this guidance does not have a significant impact on the Organization's financial statements. All the carrying amounts of the Organization's financial assets and liabilities on its balance sheets approximate fair value because of the short maturity of these instruments, with the exception of the long-term grants receivable, which are recorded at fair value in the initial year based on discounted cash flows.

New accounting pronouncements - not yet adopted

In 2016 and through subsequent amendments, the FASB issued new accounting guidance for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning with October 2022 with early adoption permitted. The Organization is currently evaluating the impact of adopting this standard on its financial statements and does not expect to adopt the new guidance earlier than required.

In 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the year beginning October 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

In 2020, the FASB issued accounting guidance focused on the presentation and disclosure requirements for contributed nonfinancial assets. The new guidance is effective for the Organization's year beginning October 2021. The new standard requires the Organization to present contributed nonfinancial assets, such as property and equipment, food, supplies and intangible assets, as a separate line item on the statement of activities. In addition, the standard also requires enhanced disclosures including qualitative information about whether or not the contributed nonfinancial assets were utilized in a program or monetized; policies for monetizing those assets; descriptions of donor restrictions; and enhanced disclosure regarding the fair value techniques.

Other accounting pronouncements that have been enacted but not yet implemented are not expected to have a material impact on the Organization's financial statements.

Subsequent events

In preparing its financial statements, the Organization has evaluated subsequent events through August 12, 2022, which is the date the financial statements are available to be issued.

Note 4 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general expenditures within one year from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year are as follows:

	September 30, 2021	September 30, 2020
Financial assets:		
Cash and cash equivalents	$ 2,155,109	$ 1,125,749
Grants receivable	2,022,953	102,111
Accounts receivables and contract assets	903,790	622,821
Financial assets	5,081,852	1,850,681
Less:		
Accounts payable and accrued expenses	(455,764)	(438,764)
Grants payable	(1,616,508)	(301,792)
Total financial assets and liquidity resources available within one year	$ 3,009,580	$ 1,110,125

Note 5 - Property, equipment, and intangible assets

Property, equipment, and intangible assets consisted of the following:

	September 30, 2021	September 30, 2020
Internally developed software	$ 1,132,086	$ 1,132,086
Computers and software	136,628	136,628
Furniture and fixtures	45,474	45,474
Leasehold improvements	47,495	47,495
	1,361,683	1,361,683
Less accumulated depreciation and amortization	(1,340,714)	(1,313,479)
	$ 20,969	$ 48,204

Depreciation and amortization expense totaled $27,235 and $30,503 for the years ended September 30, 2021 and 2020, respectively.

Note 6 - Paycheck Protection Program loan payable

On April 30, 2020, the Organization received loan proceeds in the amount of $344,400 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provided for loans to qualifying businesses for amounts of up to 2.5 times the average monthly payroll expenses of the qualifying business for the qualifying time period. The loan and accrued interest are forgivable after the applicable time period in the CARES Act as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels.

On February 26, 2021, upon completion of loan forgiveness review by the SBA, the Organization received confirmation that the loan and interest have been forgiven in full, and the SBA has remitted these amounts to the lender in satisfaction of the Organization's obligation.

On January 25, 2021, the Organization obtained a second PPP loan in the amount of $371,438. On May 9, 2022, this loan and all accrued interest was also forgiven by the SBA and lending institution.

Note 7 - Accounts payable and accrued expenses

Accounts payable and accrued expenses consisted of the following:

	September 30,	
	2021	2020
Accrued employee benefits	$ 172,925	$ 151,889
Accrued vacation	139,945	132,817
Accrued payroll and payroll taxes	107,733	92,425
Accrued liabilities - other	35,161	61,633
Total accounts payable and accrued expenses	$ 455,764	$ 438,764

Note 8 - Grants payable

The Organization has made commitments of grants to schools and school districts with scheduled payments of $1,616,508 through September 2024. Grants payable totaling $301,792 outstanding at September 30, 2020 have been disbursed during the fiscal year ended September 30, 2021.

Note 9 - Net assets with donor restrictions

Net assets with donor restrictions were available for the following purposes:

	October 1, 2020	Additions	Released from Restrictions	September 30, 2021
Education development	$ 392,330	$ 6,375,442	$ (2,783,822)	$ 3,983,950

	October 1, 2019	Additions	Released from Restrictions	September 30, 2020
Education development	$ 1,421,631	$ 1,025,000	$ (2,054,301)	$ 392,330

Note 10 - Commitments

The Organization had a non-cancellable lease agreement for its headquarters, which ended in July 2021. This lease agreement had a rent escalation clause. Under GAAP, rent expense should be recognized on a straight-line basis over the lease term, with rent expense in excess of the cash payments made recognized as deferred rent liability. Management has determined that deferred rent liability at September 30, 2020 was not considered to be material.

In August of 2021, the Organization entered into another non-cancellable lease agreement for its headquarters. This lease commenced on October 2021 and is due to expire in September of 2026.

Future minimum lease payments for the facility are as follows:

Year Ending September 30,	Amount
2022	$ 124,758
2023	128,501
2024	132,356
2025	136,326
2026	140,416
	$ 662,357

Rent expense, net of sublease income, amounted to $252,340 and $253,712 for the years ended September 30, 2021 and 2020, respectively, including the Organization's share of common area expenses for real estate taxes, insurance, and maintenance.

On June 1, 2017, the Organization entered into a sublease agreement for use of a portion of its facility with an unrelated third party that generated sublease income of approximately $12,800 per month for the years ended September 30, 2021 and 2020. The sublease agreement expired on June 30, 2021. Sublease income of $115,200 and $153,600 for the years ended September 30, 2021 and 2020, respectively, has been netted against rent expense.

Note 10 - Commitments (continued)

On July 1, 2019, the Organization entered into a sublease agreement for use of a portion of its facility with another unrelated third party that generated sublease income of approximately $5,000 per month. The sublease agreement expired on December 31, 2020. Sublease income of approximately $15,000 and $60,000 for the years ended September 30, 2021 and 2020, respectively, has been netted against rent expense.

On February 3, 2020, the Organization entered into a sublease agreement for use of a portion of its facility with a third unrelated third party that generated sublease income of approximately $1,500 per month. The sublease agreement expired on August 17, 2020. Sublease income of approximately $9,000 has been netted against rent expense for the year ended September 30, 2020.

Note 11 - Concentrations of credit risk

The Organization maintains its cash accounts with one financial institution which, at times, the balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). As of September 30, 2021, the Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on its cash accounts.

During the year ended September 30, 2021, one donor accounted for 78% of the Organization's revenue from grants. As of September 30, 2021, receivable from this same donor represented 100% of total grants receivable.

During the year ended September 30, 2020, three donors accounted for 56%, 34%, and 10% of the Organization's revenue from grants, respectively.

Note 12 - Employee retirement plan

The Organization maintains a 403(b) plan that allows eligible employees to contribute on a pre-tax basis into qualified, self-directed retirement savings accounts. In addition, the Organization makes an annual discretionary contribution of up to 7% of the employee's salary. Employees are eligible to participate in the 403(b) plan on the first day following one month of employment from the initial date of hire. Employees are fully vested after five years of service. The Organization's contributions were $153,735 and $131,775 for the years ended September 30, 2021 and 2020, respectively, and are reflected in employee benefits.

Note 13 - Risks and uncertainties

Domestic and international economies continue to face uncertainty related to the impact of the COVID-19 disease. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's funders, employees, and partners, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.