

STUDENTS 2 SCIENCE, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020



SOBEL & CO. LLC

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

STUDENTS 2 SCIENCE, INC.

AUGUST 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Students 2 Science, Inc.
East Hanover, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of Students 2 Science, Inc. (“Organization”), a nonprofit organization, which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities and changes in net assets, 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.

Auditors’ 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 audits 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 auditors’ 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 auditors consider internal control relevant to the Organization’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 Organization’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 Students 2 Science, Inc. as of August 31, 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.

Livingston, New Jersey
December 3, 2021

Sobel & Co, LLC

Certified Public Accountants

STUDENTS 2 SCIENCE, INC.
STATEMENTS OF FINANCIAL POSITION

	August 31,	
	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,155,764	\$ 1,666,606
Investments	137,791	110,643
Accounts receivable	-	11,750
Contributions receivable	520,925	658,071
Prepaid expenses	42,085	29,795
Total Current Assets	<u>3,856,565</u>	<u>2,476,865</u>
PROPERTY AND EQUIPMENT, Net	502,288	873,968
OTHER ASSETS:		
Security deposits	20,000	20,000
Total Assets	<u>\$ 4,378,853</u>	<u>\$ 3,370,833</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 131,325	\$ 61,197
Current portion of long-term debt	4,420	10,241
Refundable advance	310,000	310,000
Total Current Liabilities	<u>445,745</u>	<u>381,438</u>
Long-term debt, net of current portion	<u>495,580</u>	<u>214,659</u>
Total Liabilities	941,325	596,097
NET ASSETS:		
Without donor restrictions	2,717,528	2,029,236
With donor restrictions	720,000	745,500
Total Net Assets	<u>3,437,528</u>	<u>2,774,736</u>
Total Liabilities and Net Assets	<u>\$ 4,378,853</u>	<u>\$ 3,370,833</u>

STUDENTS 2 SCIENCE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended August 31, 2021			Year Ended August 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,065,188	\$ 1,167,317	\$ 2,232,505	\$ 907,698	\$ 745,500	\$ 1,653,198
Admissions	207,525	-	207,525	70,365	-	70,365
In-kind contributions	670,969	-	670,969	651,320	-	651,320
Government grants	442,191	-	442,191	10,000	-	10,000
Net assets released from restriction	1,192,817	(1,192,817)	-	2,390,418	(2,390,418)	-
Total Support and Revenue	3,578,690	(25,500)	3,553,190	4,029,801	(1,644,918)	2,384,883
EXPENSES:						
Program services	2,423,905	-	2,423,905	2,586,377	-	2,586,377
General and administrative	390,716	-	390,716	309,836	-	309,836
Fundraising	103,670	-	103,670	179,611	-	179,611
Total Expenses	2,918,291	-	2,918,291	3,075,824	-	3,075,824
GAINS (LOSS) FROM OPERATIONS	660,399	(25,500)	634,899	953,977	(1,644,918)	(690,941)
NONOPERATING INCOME:						
Investment income	27,893	-	27,893	7,499	-	7,499
Miscellaneous revenue	-	-	-	1,001	-	1,001
Total Nonoperating Income	27,893	-	27,893	8,500	-	8,500
CHANGES IN NET ASSETS	688,292	(25,500)	662,792	962,477	(1,644,918)	(682,441)
NET ASSETS:						
Beginning of year	2,029,236	745,500	2,774,736	1,066,759	2,390,418	3,457,177
End of year	\$ 2,717,528	\$ 720,000	\$ 3,437,528	\$ 2,029,236	\$ 745,500	\$ 2,774,736

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

STUDENTS 2 SCIENCE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended August 31, 2021				Year Ended August 31, 2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 868,596	\$ 150,544	\$ 77,457	\$ 1,096,597	\$ 878,784	\$ 115,021	\$ 112,404	\$ 1,106,209
Salaries-in kind	293,582	-	-	293,582	283,808	-	-	283,808
Payroll taxes and benefits	94,327	16,865	5,759	116,951	102,185	13,377	13,073	128,635
Total Salaries and Related Cost	1,256,505	167,409	83,216	1,507,130	1,264,777	128,398	125,477	1,518,652
Facilities cost	471,833	15,618	15,618	503,069	448,340	15,970	15,970	480,280
Depreciation	371,680	-	-	371,680	411,751	-	-	411,751
Supplies	165,857	-	-	165,857	237,562	-	-	237,562
Website	115,250	44,160	-	159,410	-	8,408	-	8,408
Professional fees	-	104,178	-	104,178	-	57,659	-	57,659
Consultants	24,200	20,825	480	45,505	111,250	15,056	-	126,306
Insurance	-	14,870	-	14,870	-	12,367	-	12,367
Subscriptions	10,424	-	-	10,424	72,927	-	-	72,927
Office expenses	-	7,867	-	7,867	-	13,556	-	13,556
Interest expense	-	6,410	-	6,410	-	-	-	-
Advertising	-	-	4,235	4,235	-	-	2,979	2,979
Dues and subscriptions	-	4,003	-	4,003	-	8,421	-	8,421
Miscellaneous expense	2,245	1,697	-	3,942	3,548	7,789	1,802	13,139
Production equipment	3,422	-	-	3,422	-	-	-	-
Content development	2,489	-	-	2,489	5,354	-	-	5,354
Hiring	-	1,844	-	1,844	-	1,880	-	1,880
IT services	-	1,200	-	1,200	-	33,186	-	33,186
Operations	-	425	-	425	-	1,529	-	1,529
Meals	-	180	121	301	11,014	3,352	309	14,675
Travel and conventions	-	30	-	30	-	2,265	-	2,265
Fundraising events	-	-	-	-	-	-	33,074	33,074
Volunteer recruiting	-	-	-	-	17,067	-	-	17,067
Laundry	-	-	-	-	2,787	-	-	2,787
Total Expenses	\$ 2,423,905	\$ 390,716	\$ 103,670	\$ 2,918,291	\$ 2,586,377	\$ 309,836	\$ 179,611	\$ 3,075,824

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

STUDENTS 2 SCIENCE, INC.
STATEMENTS OF CASH FLOWS

	Year Ended August 31,	
	2021	2020
CASH FLOWS PROVIDED BY:		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ 662,792	\$ (682,441)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Donated stock	(5,122)	(10,827)
Depreciation	371,680	411,751
Unrealized gain on investments	(22,026)	(3,008)
Changes in certain assets and liabilities:		
Accounts receivable	11,750	138,800
Contributions receivable	137,146	151,929
Prepaid expenses	(12,290)	(27,087)
Accounts payable and accrued expenses	70,128	(40,620)
Refundable advance	-	310,000
Net Cash Provided by Operating Activities	<u>1,214,058</u>	<u>248,497</u>
<u>INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	-	(1,099)
Disposal of property and equipment	-	12,380
Net Cash Provided by Investing Activities	<u>-</u>	<u>11,281</u>
<u>FINANCING ACTIVITIES:</u>		
Principal payments on note payable	(75,000)	-
Proceeds from notes payable	350,100	224,900
Net Cash Provided by Financing Activities	<u>275,100</u>	<u>224,900</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,489,158	484,678
CASH AND CASH EQUIVALENTS:		
Beginning of year	<u>1,666,606</u>	<u>1,181,928</u>
End of year	<u>\$ 3,155,764</u>	<u>\$ 1,666,606</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS		
Cash paid for:		
Interest	<u>\$ 900</u>	<u>\$ -</u>

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

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES:

Students 2 Science, Inc. (“Organization”) is a not-for-profit corporation formed on March 20, 2009, in the state of New Jersey. The Organization’s mission is to inspire, motivate, and educate elementary, middle and high school students in economically disadvantaged communities to pursue careers in science, technology, engineering, and math (“STEM”) subjects and foster a more diverse, equitable, and inclusive workforce. They do so by providing an authentic, state-of-the-art laboratory experience complete with modern instrumentation and professional scientists. Additionally, the Organization offers a remote, web-based, virtual STEM experience that eliminates geographic and language constraints and broadens our reach to serve a wider audience. Teams of students, working collaboratively with scientific professionals who serve as role models, solve real life problems while being introduced to a wide variety of 21st century STEM career opportunities.

For the year ended August 31, 2020, the Organization ran 156 “Improving Student Affinity and Aptitude for Careers in STEM” classes, which provided instruction for 4,794 students. During the year ended August 31, 2021, the Organization did not run any in-person classes, due to the COVID-19 pandemic. In response, the Organization focused their efforts on virtual laboratory sessions. During the years ended August 31, 2021 and 2020, the Organization hosted 2,440 and 782 virtual laboratory sessions, which had 33,008 and 16,095 students participate, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation:

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Cash and Cash Equivalents:

Cash and cash equivalents consists of funds maintained in bank accounts and short-term, highly liquid money market investments.

Fair Value:

Fair value measurements are defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

- Level 1:** Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2:** Valuations based on observable inputs other than Level 1 prices, such as: quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3:** Valuations based on unobservable inputs are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

The fair values of investments are as follows:

Common stock – Shares in companies traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

Accounts Receivable:

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The management of the Organization reviews the collectability of accounts receivable periodically based on historical trends and believes that, as of August 31, 2021 and 2020, an allowance for uncollectible receivables was deemed not necessary.

Contributions Receivable:

Contributions receivable are stated at the amount management expects to collect from outstanding balances. The management of the Organization reviews the collectability of contributions receivable periodically based on historical trends and believes that, as of August 31, 2021 and 2020, an allowance for uncollectible receivables was deemed not necessary.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment:

Property and equipment purchases greater than \$2,000 that extend the useful lives of the assets are capitalized and recognized in the statements of financial position at cost. Donated property and equipment is recorded at fair value on the date of donation. The Organization did not receive donated equipment during the years ended August 31, 2021 and 2020.

Depreciation is recorded on a straight-line basis over the estimated useful lives of such assets as follows:

	Method	Estimated Useful Life
Lab equipment and software	Straight-line	5 years
Lab fixtures	Straight-line	10-20 years
Furniture and fixtures	Straight-line	5 years
Office equipment	Straight-line	5 years
Software	Straight-line	3 years

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Maintenance, repairs and minor replacements that do not improve or extend the life of an asset are expensed as incurred.

Revenue Recognition:

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until the conditions are substantially met, or explicitly waived.

Contributions are recorded as revenue as either with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a 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 statements of activities and changes in net assets as net assets released from restrictions.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met, or explicitly waived. Cash received in excess of revenue recognized is reported as refundable advances.

The Organization derives a portion of its revenue from admissions. This revenue is recognized over time as services are provided to customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for providing the service. There are no significant financing components or variable considerations provided to clients.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-kind Contributions:

The Organization receives donated equipment, supplies and professional services that create or enhance nonfinancial assets and allow the Organization to fulfill its mission. Donated professional services are recognized if the services received: create or enhance long-lived assets or require specialized skills; are provided by individuals possessing those skills; and would typically need to be purchased if not provided by donation.

The Organization also regularly receives services from volunteers who are not acting in a professional capacity; such volunteer services do not meet the criteria for financial statement recognition and are not included in the financial statements. Volunteers worked approximately 543 and 7,600 hours in 2021 and 2020, respectively.

Advertising:

All advertising costs are expensed in the period they are incurred. During the years ended August 31, 2021 and 2020, the Organization reported approximately \$4,000 and \$3,000 of advertising expenses, respectively, that is included in advertising expense on the statements of functional expenses.

Income Taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended August 31, 2021 and 2020. At August 31, 2021 and 2020, there are no significant income tax uncertainties.

Use of Estimates:

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Recent Accounting Pronouncements:

In February 2015, the Financial Accounting Standards Board (“FASB”) issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. An organization may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. Earlier adoption is permitted subject to certain limitations. The Organization is currently evaluating the effect of the provisions this standard will have on the financial statements.

The FASB issued an accounting clarification, *Contributed Nonfinancial Assets*, which requires organizations to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets apart from contributions of cash or other nonfinancial assets. Additional disclosure is required regarding the valuation techniques used, as well as any donor restrictions for the contributed nonfinancial assets. The standard is effective for annual reporting periods beginning after June 15, 2021. The Organization is currently evaluating the effect the new standard will have on the financial statements.

Subsequent Events:

The Organization has evaluated its subsequent events and transactions occurring after August 31, 2021 through December 3, 2021, the date the financial statements were available to be issued.

NOTE 3 - INVESTMENTS:

Investments stated at fair value are as follows:

	August 31, 2021		August 31, 2020	
	Cost	Fair Value	Cost	Fair Value
Common Stock	\$ 106,987	\$ 137,791	\$ 90,546	\$ 110,643

Investment income from these investments is summarized as follows:

	Year Ended August 31,	
	2021	2020
Interest and dividend income	\$ 5,867	\$ 4,491
Unrealized gain on investments	22,026	3,008
	\$ 27,893	\$ 7,499

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 3 - INVESTMENTS: (Continued)

FAIR VALUE MEASUREMENTS
AS OF AUGUST 31, 2021

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Common Stock	\$ 137,791	\$ -	\$ -	\$ 137,791

FAIR VALUE MEASUREMENTS
AS OF AUGUST 31, 2020

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Common Stock	\$ 110,643	\$ -	\$ -	\$ 110,643

NOTE 4 - CONTRIBUTIONS RECEIVABLE:

Contributions receivable consist of the following:

	August 31,	
	2021	2020
Corporate and corporate foundations	\$ 520,925	\$ 617,800
Foundations	-	5,000
Individuals	-	250
Fundraising	-	35,021
Total Contributions Receivable	\$ 520,925	\$ 658,071

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 5 - PROPERTY AND EQUIPMENT:

Property and equipment is comprised of the following:

	August 31,	
	2021	2020
Lab equipment and software	\$ 2,263,487	\$ 2,263,487
Lab fixtures	186,951	186,951
Furniture and fixtures	155,698	155,698
Office equipment	29,496	29,496
Software	220,764	220,764
Total Gross Fixed Assets	2,856,396	2,856,396
Less: Accumulated depreciation	2,354,108	1,982,428
Property and Equipment, Net	<u>\$ 502,288</u>	<u>\$ 873,968</u>

NOTE 6 - REFUNDABLE ADVANCE:

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) in May 2020 for \$310,000. The loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New Jersey. Paycheck Protection Program loans may be forgiven in part or in whole if the borrower maintains its employee count, as well as salary levels, during a specified period.

The Organization recorded the PPP funds received as a conditional government grant and recognized the revenue when the conditions set forth by the U.S. Small Business Administration (“SBA”) were satisfied. The Organization received full forgiveness from the SBA in July 2021.

The Organization obtained a second PPP loan under the CARES Act in April 2021 for \$310,000. Any portion of the loans that are not forgiven must be repaid. Loan payments, if any, are deferred under the PPP Flexibility Act, which extends the deferral period until the date the lender receives the applicable forgiven amount from the SBA, which is not to exceed 10 months after the covered period, and are payable with interest at 1%, through 2026. The loan is uncollateralized and guaranteed by the SBA. The Organization received full forgiveness on the second PPP loan in October 2021.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 7 - LOANS PAYABLE:

Loans payable consists of the following:

	August 30,	
	2021	2020
In June 2020, the Organization secured an emergency injury disaster loan for \$149,900 from the Small Business Administration, which is to be used for working capital purposes. In July 2021, the Organization increased the loan to \$500,000. The loan is payable over 30 years, beginning twelve months after the loan proceeds have been disbursed. Interest accrues at a rate of 2.75%. Installment payments, including interest and principal, are due monthly beginning August 2022 in the amount of \$2,210. The loan is collateralized with all of the Organization's tangible assets.	\$ 500,000	\$ 149,900
On May 15, 2020, the Organization secured a loan from Community Loan Fund of New Jersey, Inc., which is to be used for working capital purposes. The loan is payable over three years. During the first six months, no payments will be required. Thereafter, monthly interest-only payments for the next six months, followed by monthly payments of principal and interest. Interest accrues at a rate of 3.00%. The loan is collateralized with all of the Organization's assets. The Organization repaid the loan in April 2021.	-	75,000
	500,000	224,900
Less: Current portion	(4,420)	(10,241)
Loan Payable, net of current portion	<u>\$ 495,580</u>	<u>\$ 214,659</u>

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 7 - LOANS PAYABLE: (Continued)

Maturity of loan for each of the next five years and thereafter, is as follows:

Year Ending August 31,	
2022	\$ 4,420
2023	26,520
2024	26,520
2025	26,520
2026	26,520
Thereafter	389,500
	<u>\$ 500,000</u>

NOTE 8 - DEFERRED PAYROLL TAXES:

During the years ended August 31, 2021 and 2020, the Organization elected to defer their share of payroll taxes under the CARES Act. The payroll taxes deferred amounted to \$30,806 and \$10,595 for the years ended August 31, 2021 and 2020, respectively, and are recorded in accounts payable and accrued expenses on the statements of financial position. Under the CARES Act, the Organization must repay 50% of the deferred portion by December 31, 2021, and the remaining amount by December 31, 2022.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS:

The following net assets with donor restrictions are available for the following purposes:

	August 31,	
	2021	2020
Time restrictions	\$ 510,000	\$ 690,500
Newark charter schools	-	25,000
Paterson school district	-	30,000
Newark public schools	50,000	-
Online resource platform	160,000	-
Total Net Assets with Donor Restrictions	<u>\$ 720,000</u>	<u>\$ 745,500</u>

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

Net assets released from time-and-use restrictions consists of the following:

	Year Ended August 31,	
	2021	2020
Time restrictions	\$ 575,500	\$ 774,750
Newark charter schools	25,000	-
Paterson school district	80,000	-
Newark public schools	218,038	1,540,668
Online resource platform	289,279	-
East Hanover programming	-	75,000
North Plainfield schools	5,000	-
Total Net Assets with Donor Restrictions	<u>\$ 1,192,817</u>	<u>\$ 2,390,418</u>

NOTE 10 - IN-KIND CONTRIBUTIONS:

In-kind contributions consist of the following:

	August 31,	
	2021	2020
Professional services – V Lab	\$ -	\$ 70,222
East Hanover rent	28,593	58,850
Newark rent	190,705	160,123
Newark salaries	293,582	283,808
Professional services	43,678	38,100
Lab supplies	103,861	36,444
Dry cleaning	-	2,787
Conference	-	195
Office supplies	125	791
Subscriptions	10,425	-
Total In-kind Contributions	<u>\$ 670,969</u>	<u>\$ 651,320</u>

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021 AND 2020

NOTE 11 - CONCENTRATIONS:

At August 31, 2021 and 2020, two donors accounted for approximately 49% and 62% of contributions receivable, respectively.

The Organization received approximately 32% of its contribution revenue from two donors for the year ended August 31, 2020. There was no such concentration for the year ended August 31, 2021.

The Organization received approximately 85% and 61% of its admission revenue from four and three customer for the years ended August 31, 2021 and 2020, respectively.

The Organization received approximately 87% and 88% of its in-kind revenue from three and two donors for the years ended August 31, 2021 and 2020, respectively.

NOTE 12 - SIGNIFICANT RISKS AND UNCERTAINTIES:

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, receivables, and investments. The Organization maintains cash and cash equivalent balances at a financial institution. At times, cumulative balances may exceed the insured limit.

All of the Organization's investments are concentrated in equities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on its employees, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

STUDENTS 2 SCIENCE, INC.
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NOTE 13 - COMMITMENTS AND CONTINGENCIES:

The Organization conducts all of its operations from a leased facility under an operating lease that expires in October 2024.

Monthly payments amounted to \$237,215 and \$198,972 for the years ending August 31, 2021 and 2020, respectively, and is included in facilities cost on the statements of functional expenses.

Lease payments due under the above leases are as follows:

Fiscal Year	
Ending	Amount
August 31,	
2022	\$ 273,574
2023	281,730
2024	290,182
2025	48,600
	<u>\$ 894,086</u>

For the years ending August 31, 2021 and 2020, the landlord of the facility provided donated rent. The value of the donated rent was approximately \$29,000 and \$59,000 and is recorded in in-kind revenue on the statements of activities and changes in net assets, and facilities expense on the statements of functional expenses for the years ended August 31, 2021 and 2020, respectively.

In September 2017, the Organization entered into a memorandum of understanding with Newark Public Schools to inspire, motivate and educate Newark students to pursue careers in science, technology, engineering and mathematics. Newark Public Schools committed to donating commercial office space in Newark to be occupied and operated by the Organization exclusively for the Newark Public School students through August 2021. The value of the donated office space was approximately \$191,000 and \$160,000 and is included in in-kind revenue on the statements of activities and changes in net assets, and facilities cost on the statements of functional expenses for the years ended August 31, 2021 and 2020, respectively.

A new memorandum of understanding was unanimously approved by the Newark Board of Education extending our relationship through June 30, 2026. The value of the donated space and employee contribution is estimated at approximately \$500,000 and a commitment of \$1,100,000 of expense reimbursement annually, thus bringing the total value of the contract to \$8 million.

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NOTE 14 - EMPLOYER RETENTION TAX CREDITS:

During the year ended August 31, 2021, the Organization applied for, and received, approximately \$131,000 in employer retention tax credits under the CARES Act. Employee Retention Tax Credits are refundable, federal payroll tax credits available to eligible employers whose business has been financially impacted by COVID-19. The Organization accounts for these credits as government grants, and they are included in government grants on the statements of activities and changes in net assets.

NOTE 15 - FUNCTIONAL EXPENSES:

The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services. Management and general expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Organization.

The financial statements contain certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Facility costs have been allocated based on square footage ratably between program services, management and general, and fundraising. All other expenses, including salaries and related expenses, have been allocated between program services, management and general, and fundraising based on direct costs.

NOTE 16 - PENSION PLAN:

In April 2021, the Organization implemented a 403(b) Plan. The plan allows for employee contributions and discretionary employer contributions based on certain eligibility criteria. During the year ended August 31, 2021, there were no discretionary employer contributions made.

STUDENTS 2 SCIENCE, INC.
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NOTE 17 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization's financial assets, reduced by amounts 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 general expenditure in the following year.

	August 31,	
	2021	2020
Cash and cash equivalents	\$ 3,155,764	\$ 1,666,606
Investments	137,791	110,643
Accounts receivable	-	11,750
Contributions receivable	520,925	658,071
Total financial assets	3,814,480	2,447,070
Less amounts not available to be used within one year:		
Net assets with donor restrictions	720,000	745,500
Net assets with purpose restrictions to be met in less than one year	(510,000)	(595,500)
Total amounts not available to be used within one year (estimated)	210,000	150,000
Financial assets available to meet general expenditures over the next 12 months	\$ 3,604,480	\$ 2,297,070

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term investments, such as money market accounts and level one investments.