

**STUDENTS 2 SCIENCE, INC.**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2022 AND 2021**



**SobelCo**

Certified Public Accountants & Advisors

**STUDENTS 2 SCIENCE, INC.**

AUGUST 31, 2022 AND 2021

**CONTENTS**

**Page**

Independent Auditors' Report .....	1-2
Financial Statements:	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7-18

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Students 2 Science, Inc., a nonprofit organization, which comprise the statements of financial position as of August 31, 2022 and 2021, 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.

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, 2022 and 2021, 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.

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Students 2 Science, Inc. 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 Audits of the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Students 2 Science, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Students 2 Science, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Students 2 Science, 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.

A handwritten signature in blue ink that reads "Sobel & Co, LLC".

Certified Public Accountants

Livingston, New Jersey  
December 12, 2022

**STUDENTS 2 SCIENCE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	<b>August 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,881,164	\$ 3,155,764
Investments	175,641	137,791
Accounts receivable	99,821	-
Contributions receivable	540,128	520,925
Prepaid expenses	2,080	42,085
Total Current Assets	<u>4,698,834</u>	<u>3,856,565</u>
PROPERTY AND EQUIPMENT, Net	194,446	502,288
OTHER ASSETS:		
Security deposits	20,000	20,000
Total Assets	<u>\$ 4,913,280</u>	<u>\$ 4,378,853</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 145,033	\$ 131,325
Current portion of long-term debt	19,890	4,420
Refundable advance	-	310,000
Total Current Liabilities	<u>164,923</u>	<u>445,745</u>
Long-term debt, net of current portion	<u>480,110</u>	<u>495,580</u>
Total Liabilities	645,033	941,325
NET ASSETS:		
Without donor restrictions	2,837,011	2,717,528
With donor restrictions	1,431,236	720,000
Total Net Assets	<u>4,268,247</u>	<u>3,437,528</u>
Total Liabilities and Net Assets	<u>\$ 4,913,280</u>	<u>\$ 4,378,853</u>

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

	Year Ended August 31, 2022			Year Ended August 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 402,457	\$ 1,814,736	\$ 2,217,193	\$ 1,065,188	\$ 1,167,317	\$ 2,232,505
Program income	1,202,932	-	1,202,932	207,525	-	207,525
In-kind contributions	768,232	-	768,232	670,969	-	670,969
Government contributions	526,004	-	526,004	442,191	-	442,191
Net assets released from restriction	1,103,500	(1,103,500)	-	1,192,817	(1,192,817)	-
Total Support and Revenue	4,003,125	711,236	4,714,361	3,578,690	(25,500)	3,553,190
<b>EXPENSES:</b>						
Program services	3,294,488	-	3,294,488	2,423,905	-	2,423,905
General and administrative	479,937	-	479,937	390,716	-	390,716
Fundraising	126,774	-	126,774	103,670	-	103,670
Total Expenses	3,901,199	-	3,901,199	2,918,291	-	2,918,291
<b>GAINS (LOSS) FROM OPERATIONS</b>	101,926	711,236	813,162	660,399	(25,500)	634,899
<b>NONOPERATING INCOME:</b>						
Investment income	13,753	-	13,753	27,893	-	27,893
Miscellaneous revenue	1,804	-	1,804	-	-	-
Gain on sale of assets	2,000	-	2,000	-	-	-
Total Nonoperating Income	17,557	-	17,557	27,893	-	27,893
<b>CHANGES IN NET ASSETS</b>	119,483	711,236	830,719	688,292	(25,500)	662,792
<b>NET ASSETS:</b>						
Beginning of year	2,717,528	720,000	3,437,528	2,029,236	745,500	2,774,736
End of year	\$ 2,837,011	\$ 1,431,236	\$ 4,268,247	\$ 2,717,528	\$ 720,000	\$ 3,437,528

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

**STUDENTS 2 SCIENCE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended August 31, 2022				Year Ended August 31, 2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,126,413	\$ 216,883	\$ 80,696	\$ 1,423,992	\$ 868,596	\$ 150,544	\$ 77,457	\$ 1,096,597
Salaries-in kind	301,998	-	-	301,998	293,582	-	-	293,582
Payroll taxes and benefits	182,728	24,635	9,194	216,557	94,327	16,865	5,759	116,951
Total Salaries and Related Cost	1,611,139	241,518	89,890	1,942,547	1,256,505	167,409	83,216	1,507,130
Supplies	739,712	-	-	739,712	165,857	-	-	165,857
Facilities cost	480,177	33,203	16,602	529,982	471,833	15,618	15,618	503,069
Depreciation	337,373	-	-	337,373	371,680	-	-	371,680
Consultants	84,100	-	6,830	90,930	24,200	20,825	480	45,505
Professional fees	-	73,686	-	73,686	-	104,178	-	104,178
IT services	-	57,770	-	57,770	-	1,200	-	1,200
Website	29,759	6,807	-	36,566	115,250	44,160	-	159,410
Insurance	-	18,506	-	18,506	-	14,870	-	14,870
Interest expense	-	14,218	-	14,218	-	6,410	-	6,410
Meals	2,857	5,936	2,047	10,840	-	180	121	301
Office expenses	-	8,674	-	8,674	-	7,867	-	7,867
Subscriptions	720	7,874	-	8,594	10,424	-	-	10,424
Hiring	-	6,398	-	6,398	-	1,844	-	1,844
Production equipment	5,775	-	-	5,775	3,422	-	-	3,422
Fundraising events	-	-	4,769	4,769	-	-	-	-
Advertising	-	-	4,412	4,412	-	-	4,235	4,235
Education and training	-	2,927	-	2,927	-	-	-	-
Content development	2,799	-	-	2,799	2,489	-	-	2,489
Credit card processing fees	-	-	2,224	2,224	-	-	-	-
Miscellaneous expense	77	968	-	1,045	2,245	1,697	-	3,942
Travel and conventions	-	819	-	819	-	30	-	30
License and fees	-	633	-	633	-	4,003	-	4,003
Operations	-	-	-	-	-	425	-	425
Total Expenses	\$ 3,294,488	\$ 479,937	\$ 126,774	\$ 3,901,199	\$ 2,423,905	\$ 390,716	\$ 103,670	\$ 2,918,291

**STUDENTS 2 SCIENCE, INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>Year Ended August 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS PROVIDED BY:</b>		
<u><b>OPERATING ACTIVITIES:</b></u>		
Changes in net assets	\$ 830,719	\$ 662,792
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Donated stock	(8,555)	(5,122)
Depreciation	337,373	371,680
Unrealized gain on investments	(7,162)	(22,026)
Changes in certain assets and liabilities:		
Accounts receivable	(99,821)	11,750
Contributions receivable	(19,203)	137,146
Prepaid expenses	40,005	(12,290)
Accounts payable and accrued expenses	13,708	70,128
Refundable advance	(310,000)	-
Net Cash Provided by Operating Activities	<u>777,064</u>	<u>1,214,058</u>
<u><b>INVESTING ACTIVITIES:</b></u>		
Purchases of property and equipment	(29,531)	-
Purchase of investments	(22,133)	-
Net Cash Used for Investing Activities	<u>(51,664)</u>	<u>-</u>
<u><b>FINANCING ACTIVITIES:</b></u>		
Principal payments on note payable	-	(75,000)
Proceeds from notes payable	-	350,100
Net Cash Provided by Financing Activities	<u>-</u>	<u>275,100</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>725,400</b>	<b>1,489,158</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>3,155,764</u>	<u>1,666,606</u>
End of year	<u><u>\$ 3,881,164</u></u>	<u><u>\$ 3,155,764</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS</b>		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ 900</u>



**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 1 - NATURE OF ACTIVITIES:**

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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, 2022, the Organization ran 31 “Improving Student Affinity and Aptitude for Careers in STEM” classes in the Newark Technology Center, which provided instruction for 774 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, 2022 and 2021, the Organization hosted 2,105 and 2,440 virtual laboratory sessions, which had 37,381 and 33,008 students participate, respectively.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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***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.

***Cash and Cash Equivalents:***

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

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

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***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 consist of program revenue earned but not received at year end. 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, 2022 and 2021, an allowance for uncollectible receivables was deemed not necessary.

***Contributions Receivable:***

Contributions receivable consist of corporate, foundation and individual contributions not yet received. 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, 2022 and 2021, an allowance for uncollectible receivables was deemed not necessary.

***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, 2022 and 2021.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

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***Property and Equipment: (continued)***

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

	<b>Method</b>	<b>Estimated Useful Life</b>
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 agencies 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 programs. 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.

***In-kind Contributions:***

During the year ended August 31, 2022, the Organization adopted the changes relating to the Financial Accounting Standards Board Accounting Standards Update 2020-07, "Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets." This update clarifies the presentation and disclosure of contributed nonfinancial assets by disclosing the valuation methods and inputs utilized to determine the fair value of the in-kind contributions, any donor-restrictions imposed and presenting the contribution on a separate line item on the statements of activities and changes in net assets.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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

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***Advertising:***

All advertising costs are expensed in the period they are incurred. During the years ended August 31, 2022 and 2021, the Organization reported approximately \$4,400 and \$4,200 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, 2022 and 2021. At August 31, 2022 and 2021, 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.

***Recent Accounting Pronouncements:***

In February 2016, the Financial Accounting Standards Board 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 or a cumulative-effect adjustment transition approach may be used and the new standard is applied to all leases existing at the date of initial application. An entity 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 of this standard will have on the financial statements.

***Subsequent Events:***

The Organization has evaluated its subsequent events and transactions occurring after August 31, 2022 through December 12, 2022, the date the financial statements were available to be issued.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 3 - INVESTMENTS:**

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Investments stated at fair value are as follows:

	<u>August 31, 2022</u>		<u>August 31, 2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Common Stock	\$ 115,542	\$ 175,641	\$ 106,987	\$ 137,791

Investment income from these investments is summarized as follows:

	<u>Year Ended August 31,</u>	
	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 6,591	\$ 5,867
Unrealized gain on investments	7,162	22,026
	<u>\$ 13,753</u>	<u>\$ 27,893</u>

**FAIR VALUE MEASUREMENTS**  
**AS OF AUGUST 31, 2022**

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Common Stock	\$ 175,641	\$ -	\$ -	\$ 175,641

**FAIR VALUE MEASUREMENTS**  
**AS OF AUGUST 31, 2021**

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Common Stock	\$ 137,791	\$ -	\$ -	\$ 137,791

**NOTE 4 - CONTRIBUTIONS RECEIVABLE:**

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Contributions receivable consist of the following:

	<u>August 31,</u>	
	<u>2022</u>	<u>2021</u>
Corporations and schools	\$ 240,028	\$ 505,925
Foundations	300,000	15,000
Individuals	100	-
Total Contributions Receivable	<u>\$ 540,128</u>	<u>\$ 520,925</u>

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 5 - PROPERTY AND EQUIPMENT:**

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Property and equipment is comprised of the following:

	<b>August 31,</b>	
	<b>2022</b>	<b>2021</b>
Lab equipment and software	\$ 2,293,018	\$ 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	2,885,927	2,856,396
Less: Accumulated depreciation	2,691,481	2,354,108
Property and Equipment, Net	<u>\$ 194,446</u>	<u>\$ 502,288</u>

**NOTE 6 - REFUNDABLE ADVANCE:**

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The Organization obtained two Paycheck Protection Program (“PPP”) loans under the CARES Act in May 2020 and April 2021 for \$310,000, respectively. 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 and October 2021. The forgiveness is recorded to government contributions on the statements of functional expenses for the years ended August 31, 2022 and 2021. The SBA reserves the right to audit loan forgiveness for 6 years from the date loan forgiveness was awarded.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 7 - LOANS PAYABLE:**

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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%. The loan was originally scheduled to be repaid starting in June 2021 and was deferred by the Small Business Administration twice until December 2022. Installment payments, including interest and principal, are due monthly beginning December 2022 in the amount of \$2,210. The loan is collateralized with all of the Organization's tangible assets.

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

<b>Year Ending August 31,</b>	
2023	\$ 19,890
2024	26,520
2025	26,520
2026	26,520
2027	26,520
Thereafter	374,030
	<u>\$ 500,000</u>

**NOTE 8 - DEFERRED PAYROLL TAXES:**

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During the year ended August 31, 2021, the Organization deferred their share of payroll taxes under the CARES Act. The payroll taxes deferred amounted to \$30,806 through the year ended August 31, 2021, and is recorded in accounts payable and accrued expenses on the statements of financial position. Under the CARES Act, the Organization must have repaid 50% of the deferred portion by December 31, 2021, and must repay the remaining amount by December 31, 2022. The balance of the deferred payroll taxes was \$15,403 and is recorded in accounts payable and accrued expenses on the statements of financial position.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS:**

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

	<b>August 31,</b>	
	<b>2022</b>	<b>2021</b>
Time restrictions	\$ 1,281,236	\$ 510,000
Pittsburgh schools	65,000	-
Somerset schools	60,000	-
Paterson school district	25,000	-
Newark public schools	-	50,000
Online resource platform	-	160,000
Total Net Assets with Donor Restrictions	<u>\$ 1,431,236</u>	<u>\$ 720,000</u>

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

	<b>Year Ended August 31,</b>	
	<b>2022</b>	<b>2021</b>
Time restrictions	\$ 510,000	\$ 575,500
Online resource platform	508,500	289,279
Newark public schools	50,000	218,038
Paterson school district	25,000	80,000
Pittsburgh schools	10,000	-
Newark charter schools	-	25,000
North Plainfield schools	-	5,000
Total Net Assets with Donor Restrictions	<u>\$ 1,103,500</u>	<u>\$ 1,192,817</u>

**NOTE 10 - IN-KIND CONTRIBUTIONS:**

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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 amounts are recorded at fair market value by donors.

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 1,400 and 543 hours in 2022 and 2021, respectively.

In-kind contributions received by the Organization for the years ended August 31, 2022 and 2021, were considered to be contributions without donor restrictions and are able to be used by the Organization as determined by the Board of Directors and management. All amounts were used in program activities with the exception of professional services, which were used for management and general purposes.



**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 10 - IN-KIND CONTRIBUTIONS: (Continued)**

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In-kind contributions consist of the following:

	<b>August 31,</b>	
	<b>2022</b>	<b>2021</b>
East Hanover rent	\$ -	\$ 28,593
Newark rent	197,905	190,705
Newark salaries and benefits	358,261	293,582
Professional services	44,986	43,678
Lab supplies	166,360	103,861
Office supplies	-	125
Subscriptions	720	10,425
Total In-kind Contributions	<u>\$ 768,232</u>	<u>\$ 670,969</u>

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**NOTE 11 - EMPLOYER RETENTION TAX CREDITS:**

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During the year ended August 31, 2022 and 2021, the Organization applied for, and received, approximately \$216,000 and \$131,000, respectively, 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 contributions, and they are included in government contributions on the statements of activities and changes in net assets.

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**NOTE 12 - FUNCTIONAL EXPENSES:**

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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 are direct costs.

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**NOTE 13 - PENSION PLAN:**

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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 years ended August 31, 2022 and 2021, there were no discretionary employer contributions made.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 14 - CONCENTRATIONS:**

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At August 31, 2022 and 2021, two donors accounted for approximately 86% and 49% of contributions receivable, respectively.

The Organization received approximately 21% of its contribution revenue from two donors for the year ended August 31, 2022. There was no such concentration for the year ended August 31, 2021.

The Organization received approximately 95% and 85% of its admission revenue from one and four customers for the years ended August 31, 2022 and 2021, respectively.

The Organization received approximately 87% and 87% of its in-kind revenue from two donors for the years ended August 31, 2022 and 2021, respectively.

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**NOTE 15 - SIGNIFICANT RISKS AND UNCERTAINTIES:**

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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.

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**NOTE 16 - COMMITMENTS AND CONTINGENCIES:**

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The Organization conducts all of its operations from a leased facility under an operating lease that expires in October 2024. Payments amounted to \$273,574 and \$237,215 for the years ending August 31, 2022 and 2021, respectively, and is included in facilities cost on the statements of functional expenses.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 16 - COMMITMENTS AND CONTINGENCIES: (Continued)**

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Lease payments due under the above leases are as follows:

<b>Fiscal Year Ending August 31,</b>	<b>Amount</b>
2023	\$ 281,730
2024	290,182
2025	48,600
	<u>\$ 620,512</u>

For the year ending August 31, 2021, the landlord of the facility provided donated rent. The value of the donated rent was approximately \$29,000 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 year ended August 31, 2021. There was no such in-kind revenue for the year ended August 31, 2022.

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 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 year ended August 31, 2021.

In July 2021, the Organization entered into a new memorandum of understanding with Newark Board of Education that expires on June 30, 2026, to continue to inspire, motivate and educate Newark students to pursue careers in science technology and mathematics. Newark Board of Education will continue to donate commercial office space, related utilities and staffing associated with the program. The value of the donated space and employee contribution is estimated at approximately \$556,000 and these amounts are included in in-kind revenue on the statements of activities and changes in net assets, and facilities and in-kind salaries on the statement of functional expenses for the year ended August 31, 2022. In addition, Newark Public Schools is responsible for an annual commitment of \$1,100,000 of expense reimbursement. This amount has been recorded as program income on statements of activities and changes in net assets for the year ended August 31, 2022.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2022 AND 2021**

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**NOTE 18 - LIQUIDITY AND AVAILABILITY:**

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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.

	<b>August 31,</b>	
	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 3,881,164	\$ 3,155,764
Investments	175,641	137,791
Accounts receivable	99,821	-
Contributions receivable	540,128	520,925
Total financial assets	<u>4,696,754</u>	<u>3,814,480</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(1,431,236)	(720,000)
Net assets with purpose restrictions to be met in less than one year	<u>1,281,236</u>	<u>510,000</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 4,546,754</u>	<u>\$ 3,604,480</u>

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.