

STUDENTS 2 SCIENCE, INC.
FINANCIAL STATEMENTS
YEARS ENDED AUGUST 31, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Students 2 Science, Inc., a nonprofit organization, which comprise the statement of financial position as of August 31, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, during the year ended August 31, 2023, Students 2 Science, Inc., adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements as of August 31, 2022, were audited by Sobel & Co., LLC, whose partners and professional staff joined CliftonLarsonAllen LLP as of February 1, 2023, and has subsequently ceased operations. Sobel & Co., LLC's report dated December 12, 2022, expressed an unmodified opinion on those statements.

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.

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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.



CliftonLarsonAllen LLP

Livingston, New Jersey
December 11, 2023

**STUDENTS 2 SCIENCE, INC..
STATEMENTS OF FINANCIAL POSITION
AUGUST 31, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,618,428	\$ 3,881,164
Investments	2,816,700	175,641
Accounts Receivable	-	99,821
Contributions Receivable	625,260	540,128
Prepaid Expenses	2,080	2,080
Total Current Assets	5,062,468	4,698,834
PROPERTY AND EQUIPMENT, Net	138,979	194,446
OTHER ASSETS		
Security Deposits	20,000	20,000
Right of Use Asset	328,879	-
Total Assets	\$ 5,550,326	\$ 4,913,280
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 108,707	\$ 145,033
Right of Use Liability	333,539	-
Total Current Liabilities	442,246	145,033
Long-Term Debt, Net of Current Portion	500,000	500,000
Total Liabilities	942,246	645,033
NET ASSETS		
Without Donor Restrictions	3,102,094	2,837,011
With Donor Restrictions	1,505,986	1,431,236
Total Net Assets	4,608,080	4,268,247
Total Liabilities and Net Assets	\$ 5,550,326	\$ 4,913,280

See accompanying Notes to Financial Statements.

STUDENTS 2 SCIENCE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED AUGUST 31, 2023 AND 2022

	Year Ended August 31, 2023			Year Ended August 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 378,058	\$ 1,877,916	\$ 2,255,974	\$ 402,457	\$ 1,814,736	\$ 2,217,193
Program Income	1,646,193	-	1,646,193	1,202,932	-	1,202,932
In-Kind Contributions	808,189	-	808,189	768,232	-	768,232
Government Contributions	-	-	-	526,004	-	526,004
Net Assets Released from Restriction	1,803,166	(1,803,166)	-	1,103,500	(1,103,500)	-
Total Support and Revenue	<u>4,635,606</u>	<u>74,750</u>	<u>4,710,356</u>	<u>4,003,125</u>	<u>711,236</u>	<u>4,714,361</u>
EXPENSES						
Program Services	3,842,910	-	3,842,910	3,294,488	-	3,294,488
General and Administrative	559,485	-	559,485	479,937	-	479,937
Fundraising	97,662	-	97,662	126,774	-	126,774
Total Expenses	<u>4,500,057</u>	<u>-</u>	<u>4,500,057</u>	<u>3,901,199</u>	<u>-</u>	<u>3,901,199</u>
CHANGE IN NET ASSETS	135,549	74,750	210,299	101,926	711,236	813,162
NONOPERATING INCOME						
Investment Income	63,242	-	63,242	6,624	-	6,624
Investment Gains	63,277	-	63,277	7,129	-	7,129
Miscellaneous Revenue	3,015	-	3,015	1,804	-	1,804
Gain on Sale of Assets	-	-	-	2,000	-	2,000
Total Nonoperating Income	<u>129,534</u>	<u>-</u>	<u>129,534</u>	<u>17,557</u>	<u>-</u>	<u>17,557</u>
CHANGE IN NET ASSETS	265,083	74,750	339,833	119,483	711,236	830,719
Net Assets - Beginning of Year	<u>2,837,011</u>	<u>1,431,236</u>	<u>4,268,247</u>	<u>2,717,528</u>	<u>720,000</u>	<u>3,437,528</u>
NET ASSETS - END OF YEAR	<u>\$ 3,102,094</u>	<u>\$ 1,505,986</u>	<u>\$ 4,608,080</u>	<u>\$ 2,837,011</u>	<u>\$ 1,431,236</u>	<u>\$ 4,268,247</u>

See accompanying Notes to Financial Statements.

STUDENTS 2 SCIENCE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED AUGUST 31, 2023 AND 2022

	Year Ended August 31, 2023				Year Ended August 31, 2022			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,657,389	\$ 234,457	\$ 51,717	\$ 1,943,563	\$ 1,126,413	\$ 216,883	\$ 80,696	\$ 1,423,992
Salaries In-Kind	301,998	-	-	301,998	301,998	-	-	301,998
Payroll Taxes and Benefits	244,873	26,959	5,912	277,744	182,728	24,635	9,194	216,557
Total Salaries and Related Costs	2,204,260	261,416	57,629	2,523,305	1,611,139	241,518	89,890	1,942,547
Facilities Cost	519,963	38,578	19,289	577,830	480,177	33,203	16,602	529,982
Supplies	550,060	2,200	-	552,260	739,712	-	-	739,712
Consultants	196,321	-	-	196,321	84,100	-	6,830	90,930
Equipment Service	113,835	-	-	113,835	-	-	-	-
Depreciation	110,173	-	-	110,173	337,373	-	-	337,373
Professional Fees	-	90,565	-	90,565	-	73,686	-	73,686
Production Equipment	68,166	-	-	68,166	5,775	-	-	5,775
IT Services	-	67,981	-	67,981	-	57,770	-	57,770
Meals	19,282	11,022	3,066	33,370	2,857	5,936	2,047	10,840
Website	22,880	7,704	-	30,584	29,759	6,807	-	36,566
Insurance	-	20,832	-	20,832	-	18,506	-	18,506
Laundry	18,186	-	-	18,186	-	-	-	-
Program Services	17,573	-	-	17,573	-	-	-	-
Interest Expense	-	14,830	-	14,830	-	14,218	-	14,218
Subscriptions	-	13,621	-	13,621	720	7,874	-	8,594
Office Expenses	-	13,333	-	13,333	-	8,674	-	8,674
Advertising	-	-	11,436	11,436	-	-	4,412	4,412
Hiring	-	10,713	-	10,713	-	6,398	-	6,398
Business Development	-	-	3,208	3,208	-	-	-	-
Miscellaneous Expense	-	1,644	817	2,461	77	968	-	1,045
Education and Training	-	2,266	-	2,266	-	2,927	-	2,927
Credit Card Processing Fees	-	-	2,217	2,217	-	-	2,224	2,224
Content Development	2,211	-	-	2,211	2,799	-	-	2,799
Conference, Convention, Meetings	-	1,962	-	1,962	-	-	-	-
License and Fees	-	818	-	818	-	633	-	633
Fundraising Events	-	-	-	-	-	-	4,769	4,769
Travel and Conventions	-	-	-	-	-	819	-	819
Total Expenses	\$ 3,842,910	\$ 559,485	\$ 97,662	\$ 4,500,057	\$ 3,294,488	\$ 479,937	\$ 126,774	\$ 3,901,199

See accompanying Notes to Financial Statements.

STUDENTS 2 SCIENCE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED AUGUST 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 339,833	\$ 830,719
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used by) Provided by Operating Activities:		
Donated Stock	(2,505,077)	(8,555)
Amortization of Leases	4,660	-
Depreciation	110,173	337,373
Unrealized Gain on Investments	(63,277)	(7,162)
Changes in Certain Assets and Liabilities:		
Accounts Receivable	-	(99,821)
Contributions Receivable	14,689	(19,203)
Prepaid Expenses	-	40,005
Accounts Payable and Accrued Expenses	(36,326)	13,708
Refundable Advance	-	(310,000)
Net Cash (Used by) Provided by Operating Activities	(2,135,325)	777,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(54,706)	(29,531)
Purchase of Investments	(362,520)	(22,133)
Sale of Investments	289,815	-
Net Cash Used by Investing Activities	(127,411)	(51,664)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,262,736)	725,400
Cash and Cash Equivalents - Beginning of Year	3,881,164	3,155,764
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,618,428	\$ 3,881,164
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ -	\$ 900
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated Equipment	\$ 4,600	\$ -

See accompanying Notes to Financial Statements.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 1 NATURE OF ACTIVITIES

Students 2 Science, Inc. (Organization) is a nonprofit 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, 2023, the Organization ran 375 "Improving Student Affinity and Aptitude for Careers in STEM" classes for 11,588 students in their Newark and East Hanover locations. The Organization also delivered 13,065 V-Labs to 45,206 students.

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, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist 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.

Mutual Funds – 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.

Treasury Bills – Short-term U.S. government debt obligation based on quoted market prices in active markets.

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 collectibility of accounts receivable periodically based on historical trends and believes that, as of August 31, 2023 and 2022, an allowance for uncollectible receivables was deemed not necessary.

**STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 collectibility of contributions receivable periodically based on historical trends and believes that, as of August 31, 2023 and 2022, 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, 2023 and 2022.

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 to 10 Years
Lab Fixtures	Straight-line	10 to 20 Years
Furniture 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.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The Organization receives donated equipment, supplies and professional services from various donors to fulfill its mission. The Organization also regularly receives services from volunteers who are not acting in a professional capacity. Volunteer services do not meet the criteria for financial statement recognition and are not included in the financial statements.

Advertising

All advertising costs are expensed in the period they are incurred. During the years ended August 31, 2023 and 2022, the Organization reported approximately \$11,400 and \$4,400 of advertising expenses, respectively, that is included in advertising expense on the statements of functional expenses.

Income Taxes

The Organization is a nonprofit 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, 2023 and 2022. At August 31, 2023 and 2022, 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, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued accounting standards update 2016-02 *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations requiring the recognition of right of use (ROU) assets and lease liabilities on the statements of financial position. Most prominent of the changes is the recognition of ROU asset and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective September 1, 2022, and has elected to apply the provision of this standard to the beginning of the period of adoption, through a cumulative effective adjustment, with certain practical expedients available. The lease disclosures for the year ended August 31, 2022, are made under prior lease guidance in FASB ASC 840.

The Organization has elected to adopt the package of practice expedients available in the year of adoption. The Organization has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

The Organization elected the available practice expedient to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on September 1, 2022, a lease liability of \$602,115, which represents the present value of the remaining operating lease payments of \$623,512, discounted using the Organization's risk-free discount rate comparable to the corresponding lease terms, and a right of use asset of \$602,115.

The adoption has a material impact on the statements of financial position but did not have an impact on the statements of activities and changes in net assets, nor the statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases office and laboratory space in East Hanover and Newark, New Jersey. The Organization determines if an arrangement is a lease at inception. Operating leases, including the operating lease right of use assets, liabilities and operating leases are recorded on the statements of financial position.

ROU assets represent the Organization's right of use to an underlying asset for the lease term and the lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets also includes, and lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise that option. The lease expenses for the lease payments are recognized on a straight-line basis of the lease term. The organization has elected to recognize payments for the short-term leases with a lease term of 12 months or less an expense incurred, and the leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization obtained substantially all of the rights of the underlying assets through exclusivity, if the Organization can direct the use of the assets by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive rights. This evaluation may require significant judgment.

Subsequent Events

The Organization has evaluated its subsequent events and transactions occurring after August 31, 2023 through December 11, 2023, the date the financial statements were available to be issued.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 3 INVESTMENTS

Investments stated at fair value are as follows for the years ended August 31:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Common Stock	\$ 172,798	\$ 199,678	\$ 115,542	\$ 175,641
Mutual funds	513,579	512,180	-	
Treasury Bills	2,086,983	2,104,842	-	-
	<u>\$ 2,773,360</u>	<u>\$ 2,816,700</u>	<u>\$ 115,542</u>	<u>\$ 175,641</u>

Investment income from these investments is summarized as follows for the years ended August 31:

	2023	2022
Interest and Dividend Income	\$ 63,242	\$ 6,591
Unrealized Gain on Investments	63,277	7,162
Total	<u>\$ 126,519</u>	<u>\$ 13,753</u>

Fair value measurements are as follows for the years ended August 31:

	2023			Total
	Level 1	Level 2	Level 3	
Common Stock	\$ 199,678	\$ -	\$ -	\$ 199,678
Mutual funds	512,180			512,180
Treasury Bills	2,104,842			2,104,842
	<u>2,816,700</u>	<u>-</u>	<u>-</u>	<u>2,816,700</u>

	2022			Total
	Level 1	Level 2	Level 3	
Common Stock	\$ 175,641	\$ -	\$ -	\$ 175,641

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

NOTE 4 CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	2023	2022
Corporations and Schools	\$ 395,000	\$ 240,028
Foundations	230,000	300,000
Individuals	260	100
Total Contributions Receivable	\$ 625,260	\$ 540,128

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following:

	2023	2022
Lab Equipment and Software	\$ 2,347,724	\$ 2,293,018
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 Fixed Assets	2,940,633	2,885,927
Less: Accumulated Depreciation	2,801,654	2,691,481
Property and Equipment, Net	\$ 138,979	\$ 194,446

NOTE 6 REFUNDABLE ADVANCE

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 six years from the date loan forgiveness was awarded.

NOTE 7 LOANS PAYABLE

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 12 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.

**STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 LOANS PAYABLE (CONTINUED)

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2024	\$ -
2025	10,913
2026	13,201
2027	13,569
2028	13,948
Thereafter	448,369
Total	<u><u>\$ 500,000</u></u>

NOTE 8 DEFERRED PAYROLL TAXES

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 \$15,403 through the year ended August 31, 2022, 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. The remaining amount was repaid by December 31, 2022.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Time Restrictions	\$ 838,736	\$ 1,281,236
Career Advancement Program	322,250	-
Pittsburgh Schools	65,000	65,000
Somerset Schools	175,000	60,000
Paterson School District	-	25,000
Boys & Girls Club - V Lab	105,000	-
Total Net Assets with Donor Restrictions	<u><u>\$ 1,505,986</u></u>	<u><u>\$ 1,431,236</u></u>

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
Time Restrictions	\$ 1,174,000	\$ 510,000
Online Resource Platform	-	508,500
Newark Public Schools	-	50,000
Paterson School District	25,000	25,000
Pittsburgh Schools	92,500	10,000
Somerset Schools	200,000	-
CRM Enhancements	15,000	-
Evaluation of sites	150,000	-
North80	100,666	-
Boys and Girls Club - V Lab	46,000	-
Total Net Assets with Donor Restrictions	<u>\$ 1,803,166</u>	<u>\$ 1,103,500</u>

NOTE 10 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 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 4,437 and 1,400 hours in 2023 and 2022, respectively.

In-kind contributions received by the Organization for the years ended August 31, 2023 and 2022 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. In-kind contributions were valued at fair market value, with the exception of those provided by Newark Public Schools, which were based on actual costs.

In-kind contributions consist of the following:

	<u>2023</u>	<u>2022</u>
Newark Rent	\$ 187,127	\$ 197,905
Newark Salaries and Benefits	358,261	358,261
Professional Services	53,665	44,986
Lab Supplies	204,536	166,360
Capitalized equipment	4,600	-
Subscriptions	-	720
Total In-Kind Contributions	<u>\$ 808,189</u>	<u>\$ 768,232</u>

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 11 EMPLOYER RETENTION TAX CREDITS

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

NOTE 12 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, are direct costs.

NOTE 13 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 years ended August 31, 2023 and 2022, there were no discretionary employer contributions made.

NOTE 14 CONCENTRATIONS

At August 31, 2023 and 2022, donors accounted for approximately 80% and 86% of contributions receivable, respectively.

STUDENTS 2 SCIENCE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 15 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.

The Organization's investments are concentrated in bonds, mutual funds, and stocks. 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.

NOTE 16 COMMITMENTS AND CONTINGENCIES

Leases – ASC 842:

The Organization conducts all its operations from a leased facility under an operating lease that expires in October 2024. In the normal course of business, it is expected that the lease will be renewed or replaced by a similar lease. The office lease provides for increases in the future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

The following table provides information concerning the Organization's leases:

Lease Costs – Operating Lease Costs	\$286,390
Other information:	
Cash paid for amounts included in the measurement of lease liabilities:	\$281,730
Right of use assets obtained in exchange for new operating lease liabilities:	\$602,115
Weighted-average remaining lease term—finance leases:	N/A
Weighted-average remaining lease term—operating leases:	1.2 years
Weighted-average discount rate—finance leases:	N/A
Weighted-average discount rate—operating leases:	2.88%

**STUDENTS 2 SCIENCE, INC.
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NOTE 16 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Leases – ASC 842:

The Organization classifies the total undiscounted lease payments that are used in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of August 31, 2023 is as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2024	\$ 290,182
2025	48,600
Undiscounted cash flows	338,782
(Less) Imputed Interest	(5,243)
Total	<u>\$ 333,539</u>

Leases – ASC 840:

The Organization's office lease payments amounted to \$273,574 for the year ended August 31, 2022 and is included in facilities cost on the statement of functional expenses.

Lease payments due under the above leases are as follows:

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

Newark Public Schools Agreement

In July 2021, the Organization entered into a 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 \$545,000 and \$556,000, respectively, and these amounts are included in In-Kind Contributions on the statements of activities and changes in net assets, and Facilities Cost and Salaries In-Kind on the statement of functional expenses for the years ended August 31, 2023 and 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 the statements of activities and changes in net assets for the year ended August 31, 2023 and 2022.

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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.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,618,428	\$ 3,881,164
Investments	2,816,700	175,641
Accounts Receivable	-	99,821
Contributions Receivable	<u>625,260</u>	<u>540,128</u>
Total Financial Assets	5,060,388	4,696,754
Less: Amounts not Available to be Used Within		
One Year:		
Net Assets with Donor Restrictions	(1,505,986)	(1,431,236)
Net Assets with Purpose Restrictions to be Met in		
Less Than One Year	<u>838,736</u>	<u>1,281,236</u>
Financial Assets Available to Meet General		
Expenditures Over the Next 12 Months	<u>\$ 4,393,138</u>	<u>\$ 4,546,754</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 1 investments.