

Education Pioneers, Inc.

Financial Statements

*For the Years Ended September 30, 2022 and 2021
With Independent Auditors' Report*

Baker Newman & Noyes LLC
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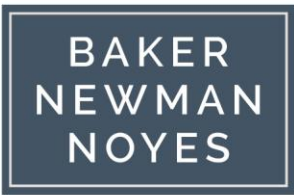
EDUCATION PIONEERS, INC.

FINANCIAL STATEMENTS

For the Years Ended September 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Education Pioneers, Inc.

Opinion

We have audited the financial statements of Education Pioneers, Inc. (the Organization), which comprise the statements of financial position as of September 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2022 and 2021, and the results of its activities 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 (GAAS). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Organization's ability to continue as a going concern for a period of one year after the date the financial statements are issued or available to be issued.

Board of Directors
Education Pioneers, Inc.

Auditors' Responsibilities for the Audit 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 the Organization'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 the Organization'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.

Baker Newman + Noyes LLC

Portland, Maine
July 21, 2023

EDUCATION PIONEERS, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$2,346,144	\$1,665,173
Restricted cash – advanced funding	313,203	718,700
Investments	20,442	20,208
Grants and contributions receivable	770,089	747,382
Accounts receivable, net	330,786	37,104
Prepaid expenses	<u>21,846</u>	<u>9,344</u>
Total current assets	3,802,510	3,197,911
Grants and contributions receivable, net of current portion	50,000	655,000
Security deposits	<u>600</u>	<u>—</u>
Total assets	<u>\$3,853,110</u>	<u>\$3,852,911</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 21,387	\$ 23,556
Compensated absences	103,160	90,042
Accrued expenses	99,612	22,308
Deferred grant revenue	51,225	175,955
Deferred program revenue	261,978	242,745
Current portion of long-term debt	<u>154,115</u>	<u>154,115</u>
Total current liabilities	691,477	708,721
Long-term debt, less current portion	364,619	492,960
Net assets:		
Without donor restrictions	1,241,365	760,024
With donor restrictions	<u>1,555,649</u>	<u>1,891,206</u>
Total net assets	<u>2,797,014</u>	<u>2,651,230</u>
Total liabilities and net assets	<u>\$3,853,110</u>	<u>\$3,852,911</u>

See accompanying notes.

EDUCATION PIONEERS, INC.

STATEMENTS OF ACTIVITIES

Year Ended September 30, 2022

(With summarized financial information for the year ended September 30, 2021)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	<u>Totals</u>	
			<u>2022</u>	<u>2021</u>
Revenues:				
Foundation grants and contributions	\$2,297,248	\$ 686,483	\$ 2,983,731	\$ 5,246,744
Corporate contributions	1,973	-	1,973	16,210
Individual contributions	169,881	-	169,881	204,298
Investment income	8,318	-	8,318	2,660
Other income	79,039	-	79,039	509,563
Program fees	1,715,591	-	1,715,591	1,262,214
In-kind donations	-	-	-	8,400
Net assets released from restrictions	<u>1,022,040</u>	<u>(1,022,040)</u>	<u>-</u>	<u>-</u>
Total revenues	5,294,090	(335,557)	4,958,533	7,250,089
Expenses:				
Program services	3,857,696	-	3,857,696	4,164,099
Management and general	486,525	-	486,525	379,818
Fundraising	<u>468,528</u>	<u>-</u>	<u>468,528</u>	<u>237,653</u>
Total expenses	<u>4,812,749</u>	<u>-</u>	<u>4,812,749</u>	<u>4,781,570</u>
Change in net assets	481,341	(335,557)	145,784	2,468,519
Net assets, beginning of year	<u>760,024</u>	<u>1,891,206</u>	<u>2,651,230</u>	<u>182,711</u>
Net assets, end of year	<u>\$1,241,365</u>	<u>\$ 1,555,649</u>	<u>\$ 2,797,014</u>	<u>\$ 2,651,230</u>

See accompanying notes.

EDUCATION PIONEERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended September 30, 2022

(With summarized financial information for the year ended September 30, 2021)

	Program Services	Management and General	Fundraising	Totals	
				2022	2021
Personnel costs:					
Salaries and wages	\$2,768,650	\$325,471	\$302,885	\$3,397,006	\$3,564,679
Employee benefits	233,520	26,939	29,392	289,851	225,962
Payroll taxes	<u>237,423</u>	<u>27,910</u>	<u>25,974</u>	<u>291,307</u>	<u>293,199</u>
Total personnel costs	3,239,593	380,320	358,251	3,978,164	4,083,840
Bank charges	32,866	21,431	–	54,297	40,398
Business development	–	–	–	–	17
Consultants	334,928	50,567	72,955	458,450	399,832
Facilities	–	–	–	–	14,522
Human capital insurance	14,301	3,019	3,294	20,614	19,299
Marketing and promotional	9,103	1,922	2,096	13,121	3,123
Office expenses	40,232	8,492	9,266	57,990	20,977
Depreciation	–	–	–	–	10,817
Other	8,737	1,844	2,012	12,593	44,108
Professional development	–	–	–	–	10,636
Program development	–	–	–	–	32,340
Program events	88,254	–	–	88,254	4,695
Recruiting events	–	–	–	–	6,120
Staff meetings	25,598	5,403	5,895	36,896	3,712
Staff recruiting	–	–	–	–	940
Technology	<u>64,084</u>	<u>13,527</u>	<u>14,759</u>	<u>92,370</u>	<u>86,194</u>
Total operating costs	<u>618,103</u>	<u>106,205</u>	<u>110,277</u>	<u>834,585</u>	<u>697,730</u>
Total expenses	<u>\$3,857,696</u>	<u>\$486,525</u>	<u>\$468,528</u>	<u>\$4,812,749</u>	<u>\$4,781,570</u>

See accompanying notes.

EDUCATION PIONEERS, INC.

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 145,784	\$ 2,468,519
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	—	10,817
Restricted contributions	(686,483)	(2,108,222)
Change in imputed interest on debt	25,774	25,776
Changes in operating assets and liabilities:		
Grants and contributions receivable	582,293	(1,042,520)
Accounts receivable	(293,682)	51,982
Prepaid expenses	(12,502)	2,919
Security deposits	(600)	600
Accounts payable	(2,169)	4,150
Accrued expenses	77,304	(145,158)
Compensated absences	13,118	(36,460)
Deferred grant revenue	(124,730)	(824,045)
Deferred program revenue	<u>19,233</u>	<u>242,745</u>
Net cash used by operating activities	(256,660)	(1,348,897)
 Cash flows from investing activities:		
Net investment purchases	<u>(234)</u>	<u>(19,710)</u>
Net cash used by investing activities	(234)	(19,710)
 Cash flows from financing activities:		
Repayment on long-term debt	(154,115)	(192,970)
Restricted contributions	<u>686,483</u>	<u>2,108,222</u>
Net cash provided by financing activities	<u>532,368</u>	<u>1,915,252</u>
 Net increase in cash and cash equivalents and restricted cash	275,474	546,645
 Cash and cash equivalents and restricted cash at beginning of year	<u>2,383,873</u>	<u>1,837,228</u>
 Cash and cash equivalents and restricted cash at end of year	\$ <u>2,659,347</u>	\$ <u>2,383,873</u>
 Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ <u>29,371</u>	\$ <u>22,792</u>
 Supplemental disclosure of cash and cash equivalents and restricted cash:		
The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the balance sheets to the amount shown in the statements of cash flows:		
Cash and cash equivalents	\$ 2,346,144	\$ 1,665,173
Restricted cash	<u>313,203</u>	<u>718,700</u>
 Total cash and cash equivalents and restricted cash shown in the statements of cash flows	\$ <u>2,659,347</u>	\$ <u>2,383,873</u>

See accompanying notes.

EDUCATION PIONEERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2022
(With Summarized Financial Information for September 30, 2021)

1. **Reporting Entity**

Education Pioneers, Inc. (the Organization) is a national nonprofit, tax-exempt organization founded in 2003 to recruit, connect, and advance a new generation of leaders dedicated to transforming our educational systems so that all students receive a quality education.

Throughout the year, the Education Pioneers Fellowship gives these leaders access to high-impact roles within education organizations and meaningful learning opportunities. Education Pioneers Fellows solve problems from outside the classroom so that students and teachers can succeed inside the classroom. The Organization connects Fellows with opportunities to advance the work of over 200 partner organizations such as school districts, charter organizations, and education nonprofits. Fellows also participate in cohort-based programming that immerses Fellows in an understanding of the root causes of the opportunity gap, and sharpens their skillsets and mindsets to effect transformative change in education. The Organization provides Fellows with access to our network of more than 3,000 Alumni, plus 200-plus partner organizations around the country, to establish connections and support them during their careers as transformative leaders in education.

The Organization operates in locations throughout the country, including Boston, Chicago, Denver, Kansas City, Memphis, Nashville, New Orleans, New York City, Newark, the San Francisco Bay Area, and Washington, D.C. The Organization is supported primarily through individual and corporate contributions, grants from foundations, and program fees from partner organizations.

2. **Summary of Significant Accounting Policies**

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

The Organization reports under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. In accordance with FASB ASC Topic 958, contributions received are recorded depending on the existence of any donor restrictions, and operations into the following categories:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor may stipulate the funds be maintained in perpetuity.

EDUCATION PIONEERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2022
(With Summarized Financial Information for September 30, 2021)

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all short-term, highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value. Gains and losses on investments are computed on the specific identification basis. Investment income and realized and unrealized gains/losses are included in revenue without donor restrictions unless restricted by donor or law. In addition, investment returns from donor restricted investments are classified as net asset with donor restrictions until appropriated for expenditures.

Investments, in general, are exposed to various risks, such as interest rate, credit, liquidity and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position and activities.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional promises to give by donors and have been recorded at net realizable value. Grants and contributions receivable are due from individuals, corporations and foundations. An allowance for uncollectible grants and contributions receivable is provided as necessary by management based on a review of the underlying pledges. The Organization has determined that no allowance for uncollectible grants and contributions receivable is necessary at September 30, 2022 or 2021. Amounts would be charged off against any established allowance when deemed uncollectible.

Accounts Receivable

Accounts receivable represent amounts due to the Organization for program fees. Management considers the age of outstanding balances and past collection efforts in determining the allowance for uncollectible amounts. Management has recorded an allowance of \$3,247 for the years ended September 30, 2022 and 2021. Amounts are charged off against any established allowance when deemed uncollectible.

EDUCATION PIONEERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2022
(With Summarized Financial Information for September 30, 2021)

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization capitalizes property and equipment acquisitions over \$500. Purchased property and equipment is recorded at cost. Donated property and equipment is recorded at its estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets ranging from three to five years. All property and equipment is fully depreciated as of September 30, 2022 and 2021.

Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support.

Revenue Recognition

Contributions received are recorded as restricted support depending on the existence and/or nature of any donor restrictions. Contributions are generally given as individual gifts and not awarded through a specific application or funding process of the Organization. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Program revenue is recognized over the period of the contract in proportion to how services are rendered. The Organization recognizes revenue when obligations under the terms of the contract with its customer are satisfied; revenues from fixed price contracts are recognized over time, measured by the progress of deliverables satisfied or transferred to the customer. As of September 30, 2022 and 2021, deferred program revenue in the amount of \$261,978 and \$242,745, respectively, has been recorded as a result of program fees received in advance of work to be performed through December 31, 2023. The advance funding is also reflected as restricted cash on the balance sheets.

Grant revenue, for expenditure driven grants, is recognized in the period expenditures are incurred in connection with carrying out the terms of the grant agreement. Grant revenue is generally funded through a foundation or other organization that has specific criteria for allocating and awarding the funding. Other grant revenues are recognized over the period of the agreement in proportion to how services are rendered. Amounts received prior to recognition are shown as deferred revenue. As of September 30, 2022 and 2021, deferred revenue in the amount of \$51,225 and \$175,955, respectively, has been recorded as a result of grant funds received in advance of work to be performed at future dates. The advanced funding is also reflected as restricted cash on the balance sheets.

EDUCATION PIONEERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2022
(With Summarized Financial Information for September 30, 2021)

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Accordingly, no provision for income taxes has been provided in these financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private organization under Section 509(a)(1). Unrelated business income, if any, may be subject to income tax. The Organization paid no taxes on unrelated business income in the years ended September 30, 2022 or 2021.

In certain circumstances, tax-exempt organizations may be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the FASB, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position.

Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status, does not have any significant unrelated business income and has taken no uncertain tax positions that require adjustment to the financial statements.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Those expenses which cannot be specifically identified by function type have been allocated among programs, management and general, and fundraising based upon employee time.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$4,467 and \$105 for the years ended September 30, 2022 and 2021, respectively.

In-Kind Support

The Organization records various types of in-kind support including professional services, tangible assets and the use of tangible assets. Contributed professional services are recognized if the services received, (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contribution of tangible assets or the use thereof is recognized when promised or received, whichever is earlier. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or in the case of long-term assets, over the period benefited. Additionally, the Organization receives a significant amount of contributed time, which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

EDUCATION PIONEERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2022
(With Summarized Financial Information for September 30, 2021)

2. **Summary of Significant Accounting Policies (Continued)**

Compensated Absences

If vacation or compensatory leave is not taken by employees during their employment, the Organization is obligated to make cash payments to them upon termination or retirement at the salary rates then in effect. The Organization's employees receive from 15 to 20 days of compensatory leave each year.

Recent Accounting Pronouncement

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 enhances the presentation of disclosure requirements for contributed nonfinancial assets. ASU 2020-07 requires entities to present contributed nonfinancial assets as a separate line item in the statements of activities and disclose the amount of contributed nonfinancial assets recognized within the statements of activities by category that depicts the type of contributed nonfinancial assets, as well as a description of any donor-imposed restrictions associated with the contributed nonfinancial assets and the valuation techniques used to arrive at a fair value measure at initial recognition. ASU 2020-07 was effective for the Organization's annual period beginning October 1, 2021. The adoption of this ASU did not have a significant impact on the Organization's financial statements.

Subsequent Events

Management has evaluated subsequent events through July 21, 2023, the date on which financial statements were available to be issued.

3. **Concentration of Credit Risks Arising From Cash Deposits in Excess of Insured Amounts**

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institution is fully insured except balances which exceed the maximum insured levels of FDIC. At September 30, 2022 and 2021, the Organization's cash and restricted cash balance exceeds the FDIC limit by \$2,405,764 and \$2,312,160, respectively. The Organization has not experienced losses on its FDIC insured and uninsured accounts and believes they are not exposed to any significant credit risk.

4. **Grants and Contributions Receivable**

Grants and contributions receivable in the amount of \$770,089 are expected to be received in the next year. Remaining grants and contributions in the amount of \$50,000 are expected to be received in fiscal 2024.

Grant revenue from four and five grantors represented 72% and 78% of contribution revenue for the years ended September 30, 2022 and 2021, respectively.

EDUCATION PIONEERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2022
(With Summarized Financial Information for September 30, 2021)

5. Retirement Plan

The Organization offers a group sponsored 403(b) retirement plan (Plan) to employees. The Plan covers substantially all employees and provides the employees with the opportunity to make contributions to the Plan on a tax-deferred basis. There were no employer contributions made to the Plan for the years ending September 30, 2022 and 2021.

6. In-Kind Donations

The Organization received in-kind donations during the year ended September 30, 2021 of \$8,400.

7. Long-Term Debt

In September 2019, the Organization entered into a loan agreement with a private lender. The refinanced loan called for a payment of \$112,500 plus accrued interest on June 30, 2020 and annual repayments of \$154,115 plus accrued interest on June 30 each year thereafter through 2026. The loan bears interest at a rate of 1%, which is below the market interest rate of 5%. As a result of the favorable interest rate, the Organization recognized a contribution of \$157,441 which will be released from net assets with donor restrictions over the term of the loan.

In May 2020, the loan agreement was modified to defer the payment due on June 30, 2020. The initial payment on the loan in the amount of \$38,852 plus accrued interest was due on January 31, 2021. Annual repayments of \$154,115 plus accrued interest resumed on June 30, 2021 and continue on June 30 each year after through 2026.

Scheduled payments for the outstanding debt at September 30, 2022 are as follows:

2023	\$ 154,115
2024	154,115
2025	154,115
2026	<u>154,115</u>
	616,460
Less below market rate contribution	<u>(97,726)</u>
	\$ <u>518,734</u>

8. Net Assets With Donor Restrictions

Net assets with donor restrictions in the amount of \$1,555,649 and \$1,891,206 at September 30, 2022 and 2021, respectively, represent contributions received and contributions pledged to support programs in future years. When the stipulated purpose and time restrictions end, the amounts will be reported in the statement of activities as net assets released from restrictions.

EDUCATION PIONEERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2022
(With Summarized Financial Information for September 30, 2021)

9. Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date, consist of the following at September 30, 2022:

Financial assets at year end:

Cash, cash equivalents and restricted cash	\$2,659,347
Investments	20,442
Grants and contributions receivable within the next year	770,089
Accounts receivable	<u>330,786</u>

Financial assets available to meet general expenditures within one year	<u>\$3,780,664</u>
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The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. These amounts are included in the table above.

10. Conditional Grant

In August 2019, the Organization received a conditional grant from a private foundation in the amount of \$1,000,000. The grant supported program activities through July 31, 2022. The grantor reserved the right to terminate the agreement at any time and released funds as the Organization achieved certain goals as outlined in the grant document. Through September 30, 2021, the Organization had received \$850,000 for satisfaction of established goals and, accordingly, recognized the associated revenue within foundation grants and contributions in the statements of activities. The remaining balance of \$150,000 was reflected as revenue in the September 30, 2022 financial statements as the conditions of the grant were met in 2022.

In November 2021, the Organization received two separate conditional grants from private foundations in the amount of \$1,500,000 each. The grants will support program activities through December 31, 2024. The grantors reserve the right to terminate the agreements at any time and will release funds as the Organization achieves certain goals as outlined in the grant documents. Through September 30, 2022, the Organization had received \$1,000,000 (\$500,000 from each grant) for satisfaction of established goals and, accordingly, recognized the associated revenue within foundation grants and contributions in the statement of activities.

EDUCATION PIONEERS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Year Ended September 30, 2022
(With Summarized Financial Information for September 30, 2021)

11. **Paycheck Protection Program**

In February 2021, the Organization received loan proceeds in the amount of \$350,000 under the Paycheck Protection Program (PPP). The PPP, established as part of the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act), provides for loans to businesses for amounts up to 2.5 times the average monthly payroll expenses of the Organization. Loans and accrued interest have terms that are forgivable after eight weeks or twenty-four weeks, based on the borrower's election, as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of the forgiveness can be reduced if the borrower terminated employees or reduced payroll below certain levels during the selected period.

When the Organization applied for the loan, management believed it would qualify to have the loan forgiven under the terms of PPP, and therefore considered the loan to be, substantively, a conditional government grant. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and the right of return related to the PPP loan no longer existed. As of September 30, 2021, the Organization had utilized all of the proceeds for payroll and other qualified expenses. The Organization received notification from Boston Private Bank & Trust Company on October 5, 2021 that 100% of its PPP loan has been forgiven by the SBA and no further action was required. The Organization recognized \$350,000 as grant revenue for the year ended September 30, 2021.