MindLeaps

Financial Statements

September 1, 2020 – December 31, 2020

NISIVOCCIA
ASSURANCE · TAX · ADVISORY

MindLeaps
Table of Contents
For the Period September 1, 2020 – December 31, 2020

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Independent Member
BKR International

Independent Auditor's Report

To the Board of Trustees of
MindLeaps
New York, NY

Report on the Financial Statements

We have audited the accompanying financial statements of MindLeaps (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the period September 1, 2020- December 31, 2020, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Trustee of
MindLeaps

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the period September 1, 2020 – December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 11 to the financial statements, the Organization's year end changed from August 31, 2020 to December 31, 2020.

Nisivoccia LLP

Mt. Arlington, New Jersey
June 3, 2021

MindLeaps
Statement of Financial Position
December 31, 2020

ASSETS		
Current Assets:		
Cash and cash equivalents	$	89,539
Contributions receivable		2,590
Prepaid expenses		800
Other assets		22,541
Total current assets		115,470
Property and equipment, net		2,993
Total assets	$	118,463
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$	25,875
Deferred revenue		21,362
Total liabilities		47,237
Net assets (deficit):		
Without donor restrictions		(22,077)
With donor restrictions		93,303
Total net assets (deficit)		71,226
Total liabilities and net assets	$	118,463

MindLeaps
Statement of Activities
For the Period September 1, 2020 – December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Contributions	$ 145,649	$ 32,396	$ 178,045
Government grants	65,396		65,396
In-kind donations	6,705		6,705
PPP Government Grant	18,800		18,800
Net assets released from restrictions due to satisfaction of restrictions	7,860	(7,860)	
Total revenue and support	244,410	24,536	268,946
Expenses:			
Program services	209,788		209,788
Supporting services:			
Management, general and administrative	33,755		33,755
Fundraising	11,638		11,638
Total supporting services	45,393		45,393
Total expenses	255,181		255,181
Change in net assets	(10,771)	24,536	13,765
Net assets (deficit), beginning of year	(11,306)	68,767	57,461
Net assets (deficit), end of year	$ (22,077)	$ 93,303	$ 71,226

MindLeaps
Statement of Functional Expenses
For the Period September 1, 2020 – December 31, 2020

	Program Services	Supporting Services: Management, General and Administrative	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
US salaries	$ 14,250	$ 18,263	$ 5,750	$ 24,013	$ 38,263
US payroll taxes	2,769	1,355	1,117	2,472	5,241
Total personnel services	17,019	19,618	6,867	26,485	43,504
Local field office salaries	83,184				83,184
Payroll taxes for local field office personnel	10,952				10,952
UNHCR program technical support & accomodations	4,769				4,769
Marketing and advertising		160	730	890	890
Professional fees	375	9,000	1,950	10,950	11,325
Insurance & bank fees	1,088				1,088
US staff travel	3,124				3,124
Local field office staff travel	4,294				4,294
School fees & academic programs	32,833				32,833
Meal & health programs	11,588				11,588
Family support program	3,301				3,301
Virtual Academy	4,533				4,533
Research & curriculum development	1,712				1,712
Donated WiFi	3,105				3,105
Dance clothing & equipment	4,700				4,700
Office & field supplies	13,176	455		455	13,631
Technology/computer equipment	1,740	568	2,091	2,659	4,399
US & local lease expense	6,683	3,954		3,954	10,637
Repairs and maintenance	1,339				1,339
Total expenses before depreciation	209,515	33,755	11,638	45,393	254,908
Depreciation	273				273
Total expenses	$ 209,788	$ 33,755	$ 11,638	$ 45,393	$ 255,181

See Accompanying Notes to Financial Statements

MindLeaps
Statement of Cash Flows
For the Period September 1, 2020 – December 31, 2020

Cash flows from operating activities:		
Change in net assets	$	13,765
Adjustments to reconcile change in net assets to net cash used in operations:		
Depreciation		273
PPP Government Grant		(18,800)
Donated supplies		3,700
Changes in operating assets and liabilities:		
Contributions receivable		(2,590)
Prepaid expenses		15,300
Other assets		(2,600)
Accounts payable and accrued expenses		12,275
Deferred revenue		(54,495)
Net cash used in operating activities		(33,172)
Net decrease in cash and cash equivalents		(33,172)
Cash and cash equivalents, beginning of year		122,711
Cash and cash equivalents, end of year	$	89,539
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	$	2
Supplemental disclosure of noncash activities:		
Donated dancewear	$	3,600
Donated IT	$	3,105

See Accompanying Notes to Financial Statements

1. Nature of Activities

MindLeaps (formerly known as the Rebecca Davis Dance Company) (the "Organization") is a 501(c)(3) not-for-profit organization working to improve school performance and create positive livelihoods for at-risk youth. MindLeaps runs a unique program, based on a standardized dance methodology, that helps vulnerable youth undergo behavioral transformation, catch up on basic cognitive development and learn work-ready skills. MindLeaps operates permanent centers in Kigali, Rwanda and Conakry, Guinea, providing dance classes, academic acceleration and IT courses, daily meals, and a health program. After one year at our centers, students are sponsored in formal education at schools in their home countries. Through our partnership programs located in North Macedonia, Mauritania, Kenya and Uganda, MindLeaps provides dance classes, monitoring and evaluation of student progress, and training of local staff in MindLeaps' dance curricula and pedagogy. MindLeaps also works alongside the United Nations High Commissioner for Refugees (UNHCR) in Rwanda and Uganda with operations in 8 refugee camps and settlements. These programs are run by local staff and refugee youth trained in the MindLeaps methodology. In this period MindLeaps served approximately 1000 youth across its programs.

2. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies are described below:

Basis of Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update No. 2014-16, dated August 2016, *Not-for-profit Entities* (Topic 958), *Presentation of Financial Statements of Not-for-profit Entities* (FASB Update). The Organization also uses FASB's *Accounting for Contributions Received and Made*. FASB ASC, *Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: net assets with donor restrictions and net assets without donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. In addition, the standard requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements. *Accounting for Contributions Received and Made* requires that unconditional promises to give be recorded as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Accordingly, the net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions are resources representing the portion of expendable funds available for support of the Organization's programs and general operations. These resources are not subject to donor-imposed stipulations. Net assets without donor restrictions are comprised of revenue and expenses related to the operations of Organization, which have no restrictions on the uses of the funds. Net assets without donor restrictions also include those expendable resources which may have been designated for special use by the Board of Trustees.

Net assets with donor restrictions are 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 has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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. The Organization had net assets with donor restrictions of $93,303 at December 31, 2020.

Revenue and Contribution Recognition

Revenue is measured based on consideration specified in a contract with a customer. This occurs with the transfer of control at a specific point in time. The Organization recognizes program service income at the time the service is performed.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Receivables and Allowances for Uncollectible Amounts

Contributions receivable are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. There was no allowance for uncollectible accounts as of December 31, 2020, as management deemed all receivables to be collectible as of the date of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less when acquired.

Functional Allocation of Expenses

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to a program based on estimates made by management. Support costs are allocated to a program based on total program costs. Program expenses are those related to dance, skill building, and educational programs. Management, general and administrative expenses relate to administrative expenses associated with those programs. Fundraising relates to development activities carried on by the Organization. The allocation of employees' salaries and other costs are based on estimates of time and effort considered by management to be reasonable.

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements may report 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.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is also exempt under Pennsylvania Nonprofit Corporation Law of 1972. Accordingly, no provision for federal or state income tax has been presented in the accompanying financial statements.

The Organization follows the provisions of FASB ASC, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition as they relate to those tax positions.

The Organization does not expect a significant increase or decrease to the total amounts of unrecognized tax positions during the period ended December 31, 2020.

However, the Organization is subject to regular audit by tax authorities, including a review of its nonprofit status which management believes would be upheld upon examination. The Organization believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

As required by law, the Organization files informational returns with the Federal government and various states on an annual basis. These returns are subject to examination by these authorities within certain statutorily defined periods for Federal and various states.

Property and Equipment

Purchased property and equipment additions exceeding $1,000 are capitalized and recorded at their original cost. Donations of property, plant and equipment are recorded as support at their estimated fair value on the date of the gift. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Major repairs, improvements and replacements are capitalized. Maintenance and minor repairs and replacements, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Proceeds from the sale of fixed assets, if without donor restrictions, are transferred to net assets without donor restrictions, or, if restricted, to deferred amounts restricted for fixed asset acquisition. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the assets.

In accordance with FASB ASC, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization periodically evaluates property for impairment, relying on a number of factors including operating results, and future business plans. Recoverability of property is evaluated by a comparison of the carrying amount of an asset or asset group to estimated future recoverability of the carrying amount of the asset or asset group. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the estimated fair value. There were no impairment losses charged to operations for the period September 1, 2020 – December 31, 2020.

Intangible Assets

In accordance with FASB ASC, *Intangibles - Goodwill and Other - Internal-Use Software*, internal and external costs incurred during the application development stage to develop computer software solely to meet the Organization’s internal needs are capitalized. Costs incurred during the preliminary project stage and post-implementation/operation stage are expensed as incurred. Capitalized software costs are amortized on a straight-line basis over the estimated useful life of the software.

Donated Services

The Board of Trustees makes significant contributions of time relative to general management and operations of the Organization. These donated services are not reflected in the financial statements for the period September 1, 2020 – December 31, 2020 since they do not meet the criteria for recognition as contributed services in accordance with U.S. generally accepted accounting principles.

Fair Value of Financial Instruments

In accordance with FASB ASC, *Fair Value Measurements and Disclosures*, fair value is defined as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability). A fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market (or in its absence, the most advantageous market) for the asset or liability.

The Fair Value Measurements Topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The measurement of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques:

- Market approach - Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost approach - Amount that would be required to replace the Organization capacity of an asset (i.e., replacement cost);
- Income approach - Techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information might not be available.

When a price for an identical asset or liability is not observable, a reporting entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, a reporting entity's intention to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used for the period September 1, 2020 – December 31, 2020.

Cash and cash equivalents, contributions receivable, prepaid expenses, other assets, accounts payable and accrued expenses, deferred revenue, and other liabilities: The carrying amount approximates fair value because of the short-term maturity of these instruments.

<u>Investments Held by the Community Foundation of Texas</u>

The Organization holds a non-donor advised designated fund with the Community Foundation of Texas ("CFT"). CFT has variance power over the funds, therefore the Organization does not recognize a potential interest in future distributions from CFT. Instead, the Organization accounts for amounts received from the CTF as contributions on the statement of activities.

During the period ended December 31, 2020 there were no donor contributions to the Community Foundation of Texas in support of MindLeaps. During the period ended December 31, 2020 there were no distributions received from CFT.

Advertising

The Organization expenses the cost of advertising at the time it is paid. Advertising expense amounted to $890 for the period September 1, 2020 - December 31, 2020.

Deferred Revenue

Deferred revenue consists of amounts received in advance of services being performed which will be recognized as income in future periods when the services are performed. At December 31, 2020, deferred revenue amounted to $21,362.

New Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires all lessees to record a lease liability at lease inception, with a corresponding right of use asset, except for short-term leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this guidance on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. The FASB ASU requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities apart from contributions of cash or other financial assets along with expanded disclosure requirements. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. Management is evaluating the impact this ASU will have on its financial statements.

3. Liquidity and Availability

The adoption of FASB Update No. 2016-14 requires the presentation of qualitative information on how the Organization manages its liquid available resources and liquidity risks. Quantitative information that communicates the availability of a nonprofit's financial assets at the statement of financial position date to meet cash needs for general expenditures within one year is required to be presented on the face of the financial statement and/or in the notes to the financial statements.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Financial Assets:	
Cash and cash equivalents	$ 89,539
Contributions receivable	2,590
Total financial assets	92,129
Less amounts not available to be used within one year:	
Donor imposted restrictions:	
Funds subject to purpose restriction	(93,303)
Financial assets available to meet general expenditures within one year	$ (1,174)

A significant portion of the Organization's annual expenditures will be funded by current year operating revenues including government grants, and contributions. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Property and Equipment

Property and equipment and their related estimated useful lives as of December 31, 2020 are comprised of the following:

	Estimated Useful Life (Years)	
Leasehold improvements	7	$ 7,035
Vehicles	5	3,676
Equipment	5	16,633
		27,344
Less: accumulated depreciation		(24,351)
		$ 2,993

Depreciation expense for the period September 1, 2020 – December 31, 2020 totaled $273.

5. Intangibles

The Organization incurred costs to develop an application designed to track the impact of the Organization's field programs. Intangible assets and their related estimated useful lives as of December 31, 2020 are comprised of the following:

	Estimated Useful Life (Years)		
Intangibles (tracker program)	3	$	31,000
Less: accumulated amortization			(31,000)
		$	-

There was no amortization expense for the period September 1, 2020 – December 31, 2020.

6. Leases

The Organization leases a building in Rwanda that is used as a teaching space under a non-cancelable operating lease which expired on February 28, 2019. This lease is renewed on a month-to-month basis for the use of the facility unless either party terminates in writing. Rent expense incurred related to this operating lease was $750 per month for the period September 1, 2020 – December 31, 2020.

In 2016, the Organization entered into a lease agreement for office space in New York under a month to month agreement, which was renewed for a 12 month period for the 2021 year.

Rent expense incurred related to the New York office space operating lease was $1,336 per month for the period September 1, 2020 – December 31, 2020.

In June 2017, the Organization entered into an 18-month lease agreement for a facility in Guinea. This lease shall automatically renew for an additional 12 months unless either party terminates in writing. Rent expense incurred related to this operating lease was $420 per month for the period ended December 31, 2020. Total rent expense for all operating leases for the period September 1, 2020 – December 31, 2020 amounted to $10,637.

Future minimum rental payments due under the leases are as follows:

Year Ending December 31,		
2021	$	12,095
2022		6,000
	$	18,095

7. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2020 are restricted for the following purposes:

2020	Beginning Net Assets with Donor Restrictions	Additions	Net Assets Released from Restriction	Ending Net Assets with Donor Restrictions
Kampala vitrual academy		$ 15,000		$ 15,000
Masoro program	$ 34,396	17,396	$ (5,189)	46,603
Rwamanja refugee camp	29,371		(2,671)	26,700
Rwanda center renovation	5,000			5,000
Total	$ 68,767	$ 32,396	$ (7,860)	$ 93,303

8. In-Kind Contributions

The Organization receives various types of non-cash contributions such as internet services and dance wear designated to assist the purpose and mission of the Organization. The estimated fair value of the donated products and services received during the period September 1, 2020 - December 31, 2020 amounted to $6,705 and are recorded as in-kind donations on the statement of activities.

9. Grant Programs

The Organization participates in federal assisted grant programs. These programs are subject to compliance audits by the grantors and their representatives. The Organization is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management of the Organization is not aware of any material items of noncompliance which would result in the disallowance of grant program expenditures.

10. Deferred Grant Revenue

The Organization receives funds from the US Department of State. During the period September 1, 2020-December 31, 2020, the Organization received funding advances on several awards. This resulted in unspent grant funds at the end of the period. Management expects to spend the funds in the next fiscal year. As of December 31, 2020 the unspent portion of the grant funds amounted to $21,362 and has been recorded as a deferred revenue on the statement of financial position.

11. Change in Accounting Period

The Organization has changed its financial year end from August 31, 2020 to December 31, 2020. Accordingly the current financial statements are prepared for 4 months from September 1, 2020 – December 31, 2020.

12. Risks and Uncertainties

The COVID-19 coronavirus outbreak has caused business disruption through government mandated and voluntary closings and has contributed to significant declines and volatility in financial markets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter may have an impact on its future operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

13. Covid 19 Funding

In April 2020, the Organization received $18,800 under the United States Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP funding is legally structured as a forgivable loan by the SBA. In order to achieve forgiveness of the loan, the Organization must spend the funding for specific purposes and also must generally maintain its full-time equivalent level of staffing over a defined time period. The Organization had accounted for the PPP funding as a conditional contribution in the August 2020 fiscal year end financial statements by applying FASB ASC Topic 958- 605, *Revenue Recognition*. Revenue will be recognized only when the conditions are met. PPP funding is subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. In December 2020, the Organization received full forgiveness of the PPP funding resulting in revenue being recognized in the amount of $18,800 which is classified as PPP Government Grant on the statement of activities in the accompanying financial statements.

14. Subsequent Events

Management has reviewed subsequent events and transactions that occurred after December 31, 2020, through the date of the independent auditor's report and the date the financial statements were available to be issued, June 3, 2021. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with generally accepted accounting principles.

In February 2021, the Organization was approved and received a second draw of PPP funding in the amount of $18,800 under the Paycheck Protection Program which was created by The Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by the United States of America Congress. Certain amounts may be forgiven if the Organization utilizes these funds in accordance with guidelines outlined under the program. Management is currently evaluating the use of these funds; therefore, the related financial impact and potential amount expected to be repaid, if any, cannot be reasonably estimated at this time.