StriveTogether, Inc. and Subsidiary

Consolidated Financial Statements
December 31, 2022 and 2021 and
Independent Auditors' Report

STRIVE TOGETHER, INC. AND SUBSIDIARY
December 31, 2022 and 2021

Contents

BARNES DENNIG
Accounting • Tax • Business Insight

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Independent Auditors' Report

The Board of Trustees
StriveTogether, Inc. and Subsidiary
Cincinnati, Ohio

Opinion

We have audited the accompanying consolidated financial statements of StriveTogether, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of StriveTogether, Inc. and Subsidiary as of December 31, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of StriveTogether, Inc. and Subsidiary 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.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, StriveTogether, Inc. and Subsidiary have adopted Accounting Standards Codification (ASC) Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about StriveTogether, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Independent Auditors' Report
(Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 StriveTogether, Inc.' and Subsidiary'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about StriveTogether, Inc. and Subsidiary'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.

Barnes, Dennig & Co., Ltd.

April 19, 2023
Cincinnati, Ohio

STRIVE TOGETHER, INC. AND SUBSIDIARY

Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 10,272,601	$ 11,396,792
Certificates of deposit	2,026,500	2,011,414
Accounts receivable	41,613	262,052
Grants receivable	112,500	40,000
Employee Retention Credit grant receivable	502,178	502,178
Prepaid expenses and other assets	1,238,541	850,432
Property and equipment, net	407,341	421,773
Right-of-use-assets - operating leases	311,195	-
Total assets	$ 14,912,469	$ 15,484,641
Liabilities		
Accounts payable	$ 905,575	$ 215,944
Accrued liabilities	428,836	482,048
Deferred revenue	6,505	87,000
Straight-line rent liability	-	36,737
Lease liabilities - operating leases	342,692	-
Total liabilities	1,683,608	821,729
Net Assets		
Without donor restrictions	5,301,752	4,419,813
With donor restrictions	7,927,109	10,243,099
Total net assets	13,228,861	14,662,912
Total liabilities and net assets	$ 14,912,469	$ 15,484,641

See accompanying notes to consolidated financial statements

STRIVE TOGETHER, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Grant revenue	$ -	$ 23,285,500	$ 23,285,500
Contract service fees	294,057	-	294,057
Sponsorship/convening	360,340	295,000	655,340
Membership fees	171,666	-	171,666
Other revenue	133,534	8,262	141,796
Net assets released from restrictions	25,904,752	(25,904,752)	-
Total revenues and other support	26,864,349	(2,315,990)	24,548,359
Expenses			
Grants to other organizations	10,685,000	-	10,685,000
Personnel	6,484,176	-	6,484,176
Consulting and professional	5,449,979	-	5,449,979
Conferences, conventions, and meetings	873,068	-	873,068
Information technology	465,884	-	465,884
Communications	460,020	-	460,020
Depreciation and amortization	415,105	-	415,105
Travel	370,311	-	370,311
Network stipends and support	358,264	-	358,264
Other	226,588	-	226,588
Occupancy	194,015	-	194,015
Total expenses	25,982,410	-	25,982,410
Change in net assets	881,939	(2,315,990)	(1,434,051)
Net assets, beginning of year	4,419,813	10,243,099	14,662,912
Net assets, end of year	$ 5,301,752	$ 7,927,109	$ 13,228,861

See accompanying notes to consolidated financial statements

STRIVE TOGETHER, INC. AND SUBSIDIARY

Consolidated Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Grant revenue	$ -	$ 25,441,334	$ 25,441,334
In-kind donations	-	867,244	867,244
Paycheck Protection Program grant	756,455	-	756,455
Employee Retention Credit grant	502,178	-	502,178
Contract service fees	437,860	-	437,860
Sponsorship/convening	201,075	-	201,075
Membership fees	170,158	-	170,158
Other revenue	49,176	-	49,176
Net assets released from restrictions	20,318,564	(20,318,564)	-
Total revenues and other support	22,435,466	5,990,014	28,425,480
Expenses			
Grants to other organizations	11,292,610	-	11,292,610
Personnel	5,841,636	-	5,841,636
Consulting and professional	2,019,447	-	2,019,447
Conferences, conventions, and meetings	232,431	-	232,431
Information technology	313,653	-	313,653
Communications	594,177	-	594,177
Depreciation and amortization	391,675	-	391,675
Travel	92,723	-	92,723
Network stipends and support	152,686	-	152,686
Other	184,145	-	184,145
Occupancy	217,086	-	217,086
Total expenses	21,332,269	-	21,332,269
Change in net assets	1,103,197	5,990,014	7,093,211
Net assets, beginning of year	3,316,616	4,253,085	7,569,701
Net assets, end of year	$ 4,419,813	$ 10,243,099	$ 14,662,912

See accompanying notes to consolidated financial statements

STRIVE TOGETHER, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended December 31, 2022

	Program	Management and General	Fundraising	Total
Grants to other organizations	$ 10,685,000	$ -	$ -	$ 10,685,000
Personnel	4,193,074	1,131,830	1,159,272	6,484,176
Consulting and professional	4,607,652	524,088	318,239	5,449,979
Conferences, conventions, and meetings	811,314	51,721	10,033	873,068
Information technology	270,528	104,097	91,259	465,884
Communications	125,229	111,709	223,082	460,020
Depreciation and amortization	312,498	67,849	34,758	415,105
Travel	243,506	88,813	37,992	370,311
Network stipends and support	358,264	-	-	358,264
Other	94,857	84,846	46,885	226,588
Occupancy	69,100	82,839	42,076	194,015
Total expenses	$ 21,771,022	$ 2,247,792	$ 1,963,596	$ 25,982,410

See accompanying notes to consolidated financial statements

STRIVE TOGETHER, INC. AND SUBSIDIARY

Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	Program	Management and General	Fundraising	Total
Grants to other organizations	$ 11,292,610	$ -	$ -	$ 11,292,610
Personnel	3,846,105	837,600	1,157,931	5,841,636
Consulting and professional	1,768,318	231,016	20,113	2,019,447
Conferences, conventions, and meetings	220,871	11,294	266	232,431
Information technology	132,058	139,874	41,721	313,653
Communications	389,726	102,809	101,642	594,177
Depreciation and amortization	277,845	55,079	58,751	391,675
Travel	63,464	26,269	2,990	92,723
Network stipends and support	152,686	-	-	152,686
Other	65,446	113,584	5,115	184,145
Occupancy	153,995	30,528	32,563	217,086
Total expenses	$ 18,363,124	$ 1,548,053	$ 1,421,092	$ 21,332,269

See accompanying notes to consolidated financial statements

STRIVE TOGETHER, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	$ (1,434,051)	$ 7,093,211
Adjustments to reconcile change in net assets to net cash from operating activities:		
In-kind donations	-	(867,244)
Interest earned on certificates of deposit	(15,086)	(11,414)
Depreciation and amortization	415,105	391,675
Noncash lease expense	(5,240)	-
Changes in:		
Accounts receivable	220,439	(178,401)
Grants receivable	(72,500)	406,142
Employee retention credit grant receivable	-	(502,178)
Prepaid expenses and other assets	(645,356)	2,421
Accounts payable	689,631	135,178
Accrued liabilities	(53,212)	(52,374)
Deferred revenue	(80,495)	(64,090)
Straight-line rent liability	-	(2,548)
Net cash provided by (used in) operating activities	(980,765)	6,350,378
Cash flows from investing activities		
Purchases of property and equipment	(143,426)	(76,632)
Purchases of certificates of deposit	-	(2,000,000)
Net cash used in operating activities	(143,426)	(2,076,632)
Cash flows from financing activities		
Payments on capital lease obligations	-	(6,199)
Change in cash and cash equivalents	(1,124,191)	4,267,547
Cash and cash equivalents, beginning of year	11,396,792	7,129,245
Cash and cash equivalents, end of year	$ 10,272,601	$ 11,396,792

See accompanying notes to consolidated financial statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

StriveTogether, Inc. was incorporated as a not-for-profit organization under the laws of the State of Ohio in 2016. The Organization's mission and principal activities include partnering with communities to ensure every child has every chance to succeed because race, ethnicity, poverty and circumstance should not determine opportunity or outcome. The Organization's revenue and other support are derived principally from grants, contract service revenue and membership fees.

StriveTogether, LLC was established under the laws of the State of Ohio in 2007 as a single-member limited liability company of KnowledgeWorks Foundation. StriveTogether, Inc. became the sole member of StriveTogether LLC in March 2017.

Principles of Consolidation

The accompanying consolidated financial statements include the assets, liabilities and financial activities of StriveTogether, Inc. and StriveTogether, LLC (collectively referred to as "Organization"). All significant inter-organizational balances and transactions have been eliminated for purposes of this presentation.

Financial Statement Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of money market deposit accounts. The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. At December 31, 2022 and 2021, management considers all balances collectible, thus, there is no allowance for doubtful accounts. At December 31, 2022 and 2021, all receivables were due within one year.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

In accordance with GAAP, the Organization assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at December 31, 2022 and 2021.

Deferred Revenue

Deferred revenues primarily consist of membership fees and contract service fees. Membership fees received in advance are deferred and recognized over time in the period to which the membership relates. Contract service fees received in advance are deferred and recognized, as the performance obligations within the contracts are satisfied. Contract liabilities from contracts with customers recorded on the consolidated statements of financial position as deferred revenue are $6,505, $87,000 and $151,090 as of December 31, 2022, 2021, and 2020, respectively.

Contributions

The Organization records gifts of cash and other assets at their fair value as of the date of the contribution or the unconditional commitment. Such donations are recorded as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Unconditional gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restrictions and then released from restriction. Conditional gifts that are originally restricted by the donor and for which the condition and restriction are met in the same time period are recorded as net assets without donor restrictions.

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 restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Organization evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. To determine the proper revenue recognition method, the Organization evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as single or more than one performance obligation.

Revenue from contracts with customers is primarily recognized from membership fees and contract service fees. These contracts consist of a single performance obligation as the promise to transfer the service is not separately identifiable from other promises in the contracts and, therefore, not distinct. Revenue is recognized by the Organization over the time its services are provided to the client. The Organization generally uses the time elapsed method, an input measure, as it considers it to best depict the simultaneous consumption and delivery of its services. The determination of the method by which the Organization measures its progress towards the satisfaction of its performance obligations requires judgment.

The transaction price is stated in the contracts and is known at time of contract inception. There is no variable consideration associated with the Organization's contracts with customers. Memberships fees and contract service fees are generally due within 15 business days of invoicing.

Accounts receivable from contracts with customers of $40,355, $261,747 and $83,615 as of December 31, 2022, 2021, and 2020, respectively, are recorded on the consolidated statements of financial position as accounts receivable.

Leases

StriveTogether leases office space in Downtown Cincinnati. The Organization determines if an arrangement is a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities on the consolidated statements of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

StriveTogether has lease agreements with lease and non-lease components. The Organization accounts for the lease and non-lease components as a single lease component. For arrangements accounted for as a single lease component, there may be variability in future lease payments as the amount of the non-lease components is typically revised from one period to the next. These variable lease payments, which are primarily comprised of electric, janitorial, telephone and data services, are recognized in operating expenses in the period in which the obligation for those payments was incurred.

The Organization has elected to apply the short-term lease exemption to any lease agreements lasting less than 12 months. In 2022, the Organization has no leases that qualify for the exemption.

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

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization’s IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the consolidated financial statements.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services. Such allocations are determined by management on an equitable basis. The most significant allocations are personnel costs, which were allocated based upon estimates of time spent by Organizations’ personnel, and depreciation and occupancy, which were allocated based on full-time equivalents in each function.

Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2021 figures have been reclassified to conform to the 2022 presentation.

Effect of Adopting New Accounting Standard

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. These include separate presentation in the statement of activities, disaggregation by type, policy and qualitative information about monetization and utilization, description of valuation techniques and inputs used to arrive at a fair value measure, and donor-imposed restrictions associated with the contributed nonfinancial assets. The Organization adopted the standard effective January 1, 2022, applied retrospectively. The most significant impact of adoption is enhanced disclosures surrounding in-kind donations.

In February 2016, the FASB issued guidance Accounting Standards Codification (ASC) 842, *Leases* to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition on the consolidated statement of financial position of ROU assets and lease liabilities by lessees for those leases classified as operating leases. The expense recognition for operating leases remained substantially unchanged and continues to be recognized as lease expense. Additionally, capital leases under FASB ASC 840 are referred to as finance leases under FASB ASC 842, however the classification criteria and expense recognition criteria remained substantially unchanged. Other changes include referring to contingent lease expense as variable lease expense under FASB ASC 842 and providing various practical expedients to ease the burden of complying with the standard. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022, and recognized and measured leases existing at, or entered after, January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for its 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 January 1, 2022, a lease liability of $449,349, which represents the present value of the remaining operating lease payments of $458,697, discounted using a risk-free rate for a period comparable to the remaining lease term, and a right-of-use asset of $412,613.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of Adopting New Accounting Standard (Continued)

The standard had a material impact on the consolidated statement of financial position but did not have a material impact on the consolidated statements of activities, functional expenses, and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the accounting for finance leases remained substantially unchanged.

Subsequent Event Evaluation

Subsequent events have been evaluated through April 19, 2023, which is the date the consolidated financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization receives a significant amount of grants that are restricted by the grantors, and considers grants restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures.

The Organization manages its liquidity and reserves following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term obligations and program commitment will continue to be met, ensuring the Organization's long-term financial sustainability

To ensure liquidity, the Organization forecasts its future cash flows and monitors its liquidity monthly. Historically, the Organization used a money market sweep account to earn interest. Due to the interest rate dropping to near zero, the Organization closed the sweep account in 2020, as the interest earned was insufficient to cover bank fees incurred. The interest rate then increased in 2021, so the Organization opened a new money market sweep account and a certified deposit account in 2021 to earn interest.

The board of directors maintains a finance and sustainability committee to monitor the Organization's financial stability. Financials including liquidity analysis are presented and reviewed on a quarterly basis.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program activities to achieve its mission of "The success of every child from cradle to career" as well as the conduct of administrative and fundraising activities to support program activities to be general expenditures.

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

As of December 31, 2022 and 2021, the following table shows the financial assets held by the Organization and the amounts of those financial assets available within one year of the statement of financial position date to meet general expenditures:

	2022	2021
Cash and cash equivalents	$ 10,272,601	$ 11,396,792
Certificates of deposit	2,026,500	-
Accounts receivable	41,613	262,052
Grants receivable	112,500	40,000
Employee Retention Credit grant receivable	502,178	502,178
	$ 12,955,392	$ 12,201,022

Subsequent to year end, the Organization received a $6,250,000 grant from the Ballmer Group that is available to meet general expenditures during 2023.

NOTE 3 CERTIFICATES OF DEPOSIT

As of December 31, 2022 and 2021 the Organization held $2,026,500 and $2,011,414, respectively, in certificates of deposit with an original maturity date greater than three months.

NOTE 4 CONDITIONAL CONTRIBUTION

The Organization has a grant for which the grantor agency's promise to give is conditioned upon the Organization meeting certain requirements under the grant program. At December 31, 2022 and 2021, the Organization had remaining available award balances on the conditional grant of $200,000 and $-0-, respectively. These award balances are not recognized as assets and will be recognized as revenue as the conditions are met, generally as qualifications are met.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consisted of the following:

	2022	2021
Leasehold improvements	$ 408,637	$ 408,637
Furniture and fixtures	140,034	140,034
Computers & equipment	375,334	231,907
	924,005	780,578
Less accumulated depreciation	(516,664)	(358,805)
	$ 407,341	$ 421,773

NOTE 6 PAYCHECK PROTECTION PROGRAM (PPP) GRANT

On May 1, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of $751,700 (First Draw PPP loan). The note has a term of two years and is unsecured and guaranteed by the U.S. Small Business Administration. On March 4, 2021, the Organization entered into a second term note pursuant to the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act) Paycheck Protection Program (the Program) for $756,455 (Second Draw PPP loan). The note has a term of five years and is unsecured and guaranteed by the SBA. All or a portion of both notes may be forgiven in accordance with the Program requirements. Interest on the outstanding principal balances will accrue based on the terms of each note at a fixed rate of 1.00%, but neither principal or interest are due and payable during the covered periods. After the covered periods expires, loan payments will be deferred for borrowers who apply for loan forgiveness until the SBA remits the borrower's loan forgiveness amounts to the lender.

The Organization has elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the derecognition of the First Draw PPP loan and Second Draw PPP loan. In accordance with this guidance, the derecognition threshold for the liability is when the conditions of the Paycheck Protection Program are "substantially met" and occur on or before the statement of financial position date.

(A) First Draw PPP Loan – As of December 31, 2020, the Organization estimated that all of the significant conditions under the Program had been substantially met and recognized $751,700 as grant revenue during 2020. In March 2021, the Organization received notification from the SBA that the note was fully forgiven, and the SBA remitted payment to the lender for the full outstanding principal and accrued interest amount.

(B) Second Draw PPP Loan – As of December 31, 2021, the Organization estimated that all of the significant conditions under the Program had been substantially met and recognized $756,455 as grant revenue during 2021. In October 2021, the Organization received notification from the SBA that the note was fully forgiven, and the SBA remitted payment to the lender for the full outstanding principal and accrued interest amount.

NOTE 7 EMPLOYEE RETENTION CREDIT GRANT

The Organization was eligible for the Employee Retention Credit ("ERC") program under the CARES Act for qualified wages paid to employees. For the year ending December 31, 2021, $502,178 was recognized as grant revenue on the consolidated statement of activities, which represents refunds due for the quarters ended December 31, 2020 and March 31, 2021. The Organization elected to apply the conditional contribution guidance pursuant to ASC 958-605 to determine the timing of recognition for ERC. At both December 31, 2022 and 2021, $502,178 of the credits are still outstanding and included as grants receivables on the consolidated statement of financial position.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31 are available for the following purposes or periods:

	2022	2021
Purpose restricted:		
Cradle to Career (C2C) network	$ 5,425,707	$ 7,742,211
Training hub	1,904,902	1,674,927
Cradle to Career (C2C) grant-making	596,500	825,961
	$ 7,927,109	$ 10,243,099

NOTE 9 CONTRIBUTED NONFINANCIAL ASSETS

The Organization receives certain in-kind donations during the year, which are recorded at fair market value as contribution revenue and an asset or expense in the consolidated financial statements. For the year ended December 31, 2022, there were no in-kind donations. For the year ended December 31, 2021, there were in-kind donations, with donor restrictions, of Tableau licenses for $867,244. As of December 31, 2022 and 2021, $285,400 and $565,550, respectively, remain with donor restrictions.

These licenses are recorded at their stated fair market value if the Organization was to go out and purchase them directly. The licenses are for a period of three years and are recorded on the consolidated statement of financial position with prepaid expenses and other assets. The licenses are utilized in the Organizations programs and amortized over their three-year term.

NOTE 10 LEASES

As discussed in Note 1, the Organization adopted ASC 842 effective January 1, 2022. Lease disclosures for 2022 are in accordance with ASC 842, while lease disclosures for 2021 are in accordance with ASC 840.

Leases for the Year Ended December 31, 2022

The Organization has operating leases for office space in Downtown Cincinnati. The leases have remaining lease terms of 3 years, some of which may include options to extend the leases for up to 3 years, and some of which may include options to terminate the leases after a certain number of years.

NOTE 10 LEASES (CONTINUED)

Leases for the Year Ended December 31, 2022 (Continued)

A summary of total lease costs and other lease information for the year ended December 31, 2022 is as follows:

Operating lease expense	$	105,490
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases		110,730
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases		412,613
Weighted-average remaining lease term:		
Operating leases		2.92
Weighted-average discount rate:		
Operating leases		1.04%

Future minimum lease payments under non-cancellable leases as of December 31, 2022, are as follows:

2023	$	113,530
2024		116,358
2025		118,078
Total future minimum lease payments		347,966
Less imputed interest		(5,274)
Total	$	342,692

Leases for the Year Ended December 31, 2021

The Organization leases office space under a noncancelable operating lease that expires in December 2025. The lease calls for escalating rent payments to be made over the life of the lease. The straight-line annual rent expense is $105,490.

The Organization also leases office space under a noncancelable operating lease that expired in December 2021. The lease called for monthly rent payments ranging from $2,763 to $3,070 to be made over the life of the lease.

NOTE 10 LEASES (CONTINUED)

Leases for the Year Ended December 31, 2021 (Continued)

Rent expense for these leases included in the consolidated statement of activities for the year ended December 31, 2021 was $140,488.

Future annual minimum lease payments at December 31, 2021 are as follows:

2022	$ 110,731
2023	113,530
2024	116,358
2025	118,078
	$ 458,697

NOTE 11 RETIREMENT PLAN

The Organization established a defined-contribution 401(k) plan covering substantially all employees. The Organization will match 50% of a participant's elective deferral up to 4% of the participant's compensation. Total 401(k) matching contributions were $252,707 and $236,599 for the years ended December 31, 2022 and 2021, respectively.

NOTE 12 CONCENTRATIONS

GAAP requires disclosure of current vulnerabilities due to certain concentrations. Two funding sources account for approximately 88% and 86% of total revenues and other support for the years ended December 31, 2022 and 2021, respectively. Grants receivable related to these funding sources were $-0- at both December 31, 2022 and 2021.