CHILDREN FIRST PA
(FORMERLY PUBLIC CITIZENS FOR CHILDREN AND YOUTH)

FINANCIAL STATEMENTS

MAY 31, 2021 AND 2020

CHILDREN FIRST PA
(FORMERLY PUBLIC CITIZENS FOR CHILDREN AND YOUTH)
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children First PA (Formerly Public Citizens for Children and Youth)

We have audited the accompanying financial statements of Children First PA (a nonprofit organization), (formerly Public Citizens for Children and Youth), which comprise the statements of financial position as of May 31, 2021 and 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended, and the related notes to the 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 audits. We conducted our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children First PA (formerly Public Citizens for Children and Youth) as of May 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Brinker Simpson + Company, LLC

Brinker Simpson & Company, LLC
Springfield, Pennsylvania
November 8, 2021

CHILDREN FIRST PA
(FORMERLY PUBLIC CITIZENS FOR CHILDREN AND YOUTH)
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,536,835	$ 1,556,169
Marketable securities	1,649,973	1,325,936
Pledges receivable, current portion	1,622,718	1,096,244
Contracts and other receivables	41,360	12,705
Prepaid expenses	5,766	25,497
Total Current Assets	4,856,652	4,016,551
Furniture and Equipment, Net	13,632	18,085
Other Assets		
Pledges receivable, net of current portion	482,567	284,466
Deposits	13,712	13,712
	496,279	298,178
Total Assets	$ 5,366,563	$ 4,332,814
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 63,925	$ 73,497
Accrued salaries and vacation	109,046	58,971
Deferred rent	58,047	62,824
Deferred revenue	-	96,230
Current portion of Paycheck Protection Program loan	111,082	65,680
Total Current Liabilities	342,100	357,202
Long-Term Liabilities		
Paycheck Protection Program loan, net of current portion	141,277	134,320
Net Assets		
Board designated, without donor restrictions	1,568,526	1,242,873
With donor restrictions	3,314,660	2,598,419
Total Net Assets	4,883,186	3,841,292
Total Liabilities and Net Assets	$ 5,366,563	$ 4,332,814

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

CHILDREN FIRST PA
(FORMERLY PUBLIC CITIZENS FOR CHILDREN AND YOUTH)
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED MAY 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public Support:						
Foundations and corporations	**$ 394,241**	**$ 2,130,907**	**$ 2,525,148**	$ 736,499	$ 1,472,358	$ 2,208,857
Individuals	**245,036**	**10,000**	**255,036**	322,038	720,300	1,042,338
Contracts	**51,931**	**-**	**51,931**	18,405	-	18,405
United Way and Federated Organizations	**105,250**	**-**	**105,250**	105,000	-	105,000
Paycheck Protection Program loan forgiveness	**200,000**	**-**	**200,000**	-	-	-
Special events	**253,067**	**-**	**253,067**	62,369	-	62,369
Interest and dividends	**26,299**	**-**	**26,299**	36,337	-	36,337
Total Public Support and Revenue	**1,275,824**	**2,140,907**	**3,416,731**	1,280,648	2,192,658	3,473,306
Net Assets Released From Restrictions:						
Restrictions satisfied by payments	**1,424,666**	**(1,424,666)**	**-**	697,529	(697,529)	-
Total Public Support, Revenue and Net Assets Released from Restrictions	**2,700,490**	**716,241**	**3,416,731**	1,978,177	1,495,129	3,473,306
Expenses						
Program services	**2,189,095**	**-**	**2,189,095**	1,494,559	-	1,494,559
Support services:						
Management and general	**185,111**	**-**	**185,111**	228,032	-	228,032
Fundraising	**298,870**	**-**	**298,870**	188,095	-	188,095
Total Expenses	**2,673,076**	**-**	**2,673,076**	1,910,686	-	1,910,686
Increase in Net Assets From Public Support and Revenue	**27,414**	**716,241**	**743,655**	67,491	1,495,129	1,562,620
Other Revenues						
Net realized and unrealized gain on investments	**298,239**	**-**	**298,239**	70,482	-	70,482
Change in Net Assets	**325,653**	**716,241**	**1,041,894**	137,973	1,495,129	1,633,102
Net Assets - Beginning	**1,242,873**	**2,598,419**	**3,841,292**	1,104,900	1,103,290	2,208,190
Net Assets - Ending	**$ 1,568,526**	**$ 3,314,660**	**$ 4,883,186**	$ 1,242,873	$ 2,598,419	$ 3,841,292

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

CHILDREN FIRST PA
(FORMERLY PUBLIC CITIZENS FOR CHILDREN AND YOUTH)
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED MAY 31, 2021 AND 2020

	2021				2020			
	Program Services	**Management and General**	**Fundraising**	**Total**	Program Services	Management and General	Fundraising	Total
Salaries	**$ 1,204,561**	**$ 101,589**	**$ 145,128**	**$ 1,451,278**	$ 863,268	$ 61,662	$ 102,770	$ 1,027,700
Employee health and retirement benefits	**186,035**	**15,690**	**22,414**	**224,139**	125,023	8,929	14,884	148,836
Outside services	**484,746**	**40,882**	**58,403**	**584,031**	131,649	109,610	30,048	271,307
Advertising	**-**	**1,994**	**-**	**1,994**	-	1,161	-	1,161
Audit	**10,790**	**910**	**1,300**	**13,000**	10,500	750	1,250	12,500
Equipment	**19,712**	**1,663**	**2,375**	**23,750**	24,815	1,773	2,954	29,542
Event expenses	**-**	**-**	**33,087**	**33,087**	-	-	6,639	6,639
Insurance	**6,247**	**527**	**753**	**7,527**	5,345	382	636	6,363
Meetings and conferences	**6,973**	**588**	**840**	**8,401**	2,790	3,887	393	7,070
Payroll taxes	**82,240**	**6,936**	**9,908**	**99,084**	59,960	4,283	7,138	71,381
Postage	**8,905**	**751**	**1,073**	**10,729**	5,339	381	636	6,356
Printing and copier	**27,564**	**4,367**	**10,581**	**42,512**	28,224	23,905	6,839	58,968
Rent	**67,277**	**5,674**	**8,106**	**81,057**	67,028	4,788	7,980	79,796
Special projects	**43,107**	**-**	**-**	**43,107**	127,664	-	-	127,664
Supplies	**17,145**	**1,446**	**2,066**	**20,657**	18,826	2,055	3,424	24,305
Telephone	**19,848**	**1,674**	**2,391**	**23,913**	15,910	1,136	1,894	18,940
Travel	**250**	**108**	**-**	**358**	3,089	2,964	-	6,053
Depreciation	**3,695**	**312**	**445**	**4,452**	5,129	366	610	6,105
Total Functional Expenses	**$ 2,189,095**	**$ 185,111**	**$ 298,870**	**$ 2,673,076**	$ 1,494,559	$ 228,032	$ 188,095	$ 1,910,686

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

CHILDREN FIRST PA
(FORMERLY PUBLIC CITIZENS FOR CHILDREN AND YOUTH)
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	**$ 1,041,894**	$ 1,633,102
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**4,452**	6,105
Realized and unrealized gain on investments	**(298,239)**	(70,482)
Paycheck Protection Program loan forgiveness	**(200,000)**	-
Change in:		
Pledges receivable	**(724,575)**	(725,419)
Contracts and other receivables	**(28,655)**	7,835
Prepaid expenses	**19,731**	(18,981)
Accounts payable and accrued expenses	**(9,572)**	20,643
Accrued salaries and vacation	**50,075**	12,788
Deferred rent	**(4,777)**	21,071
Deferred revenue	**(96,230)**	96,230
Net Cash Provided by (Used in) Operating Activities	**(245,896)**	982,892
Cash Flows from Investing Activities		
Proceeds from sale of investments	**-**	7,897
Purchase of investments	**(25,797)**	(57,367)
Net Cash Used in Investing Activities	**(25,797)**	(49,470)
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program loan	**252,359**	200,000
Net Increase (Decrease) in Cash and Cash Equivalents	**(19,334)**	1,133,422
Cash and Cash Equivalents, Beginning of Year	**1,556,169**	422,747
Cash and Cash Equivalents, End of Year	**$ 1,536,835**	$ 1,556,169

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

CHILDREN FIRST PA
(FORMERLY PUBLIC CITIZENS FOR CHILDREN AND YOUTH)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2021 AND 2020

NOTE 1: ORGANIZATION

Purpose of the Organization

Children First PA ("the Organization") was previously known as Public Citizens for Children and Youth. Children First PA formally changed its name in January 2021. The Organization builds public awareness and public support for evidenced-based measures that can increase access to opportunity for Black, Brown and low-income children in the Greater Philadelphia region and across the Commonwealth of Pennsylvania. On their behalf, and with their parents and dedicated community partners, the Organization works to expand access to high-quality early care and learning/education, addresses the needs of school-age children by improving the resources for, and innovation in, public schools, addresses structural gaps in access and quality of child health services/systems, and stops the harm and starts the healing of children who have suffered from abuse and neglect or are sentenced in the juvenile justice system.

The Organization builds the case for change to improve the lives of children by publishing critically needed reports, fact sheets, and briefing documents and implementing detailed dissemination strategies that include public events, public briefings and earned media so that key policymakers and the public support the changes needed to improve the lives of children. In addition, citizens learn about the needs of children by engaging as volunteers in direct service efforts that improve the health status of children and arts programs in public schools. Its efforts have resulted in significant growth in the public's support for increased investment of public funds to meet the needs of children.

The Organization improved the health status of more than 2,500 children by making free vision and dental care available, training teens on sexual health, and providing free health care navigation services for parents to access health insurance for their children. Thousands more children will be healthier due to the policies advanced by the Organization to protect children from lead poisoning, improve teen access to reproductive health information and birth control and expand eligibility for health insurance coverage.

COVID-19's impact on parents of young children and child care was multi-faceted and included the potential threat of wiping out access to high-quality early learning for 91,000 children across Pennsylvania. The Organization led efforts to increase federal, state and local spending for child care and pre-K programs, protecting the programs from bankruptcy. As a result, when the economy rebounds, the high-quality early learning infrastructure to support the most formative years of learning, when a child is under five years old, will still be in place, ready to prepare children for school and career success.

Similarly, nearly 900,000 public school students benefitted from the Organization's leadership to protect schools from state budget cuts. Also, in response to a devastating reduction in state revenues due to COVID, the Organization's work to connect lawmakers with their schools and to build strong parent and teen engagement with lawmakers created a united front to hold school funding harmless from COVID-induced budget cuts. Meanwhile, the Organization continued to work to increase the role that arts play in education and, as a result, over 5,000 children were given hands-on arts instruction in school via the Organization's Picasso Project.

NOTE 1: ORGANIZATION (continued)

The Organization improves the lives and life chances of children by persuading citizens and their elected representatives in Pennsylvania to prioritize and support the needs of children, especially those who face the greatest obstacles. Because Black and Brown children face the added obstacles of racism and institutionalized bias, the Organization increased its focus and work on closing the equity gaps that children of color face in the criminal justice, child welfare, early learning and public education systems in the Greater Philadelphia region and across Pennsylvania.

The Organization is among an elite group of organizations in the country that focus on the needs of the whole child, advocating for a full spectrum of policy solutions that are proven to improve the health, early learning, education, recreation, career and college outcomes for children.

Where government policies have failed to ensure children are healthy, the Organization steps in and recruits professionals who volunteer to deliver free vision and dental exams and free eyeglasses. For every child given this free care, the Organization assists the parents to tap subsidized or free healthcare. Annually, more than 3,000 children benefit from the Organization’s highly focused and efficient approach to meeting the healthcare needs of children in the region.

Where government policies are blind to the needs of children that have been economically and socially marginalized, the Organization publishes compelling reports, data, and solutions to spur change.

For instance, the Organization shined a spotlight on weak housing regulation that put more than 10,000 children at risk of lead poisoning and convened lawmakers and stakeholders to craft workable solutions at scale. Similarly, the Organization has made the underfunding of public education a widely known fact by publishing data that shows that low-income, racial and ethnic minority children face discrimination from Pennsylvania’s antiquated method of funding public education. To solve this problem, the Organization gathered allies and supporters to press for reforms that have successfully directed $500 million in critically needed funds to the schools educating these children. In addition, new compelling research on a child’s brain development caused the Organization to build a statewide campaign to boost funding for high quality child-care and pre-K programs. Today 70,000 children in the Commonwealth are enrolled in high quality child-care and pre-K programs and that number grows every year.

Where government policies lag the research, the Organization prods decision-makers to modernize so that children can excel and thrive. Arts education is one example. The Organization’s Picasso Project shows teachers how to connect traditional learning to arts in ways that motivate students to learn and increase what students remember from each lesson. The Organization’s exciting work to transform classrooms and schools not only inspires teachers, it changes how students approach learning in ways that can help them far into adulthood. So too is the Organization’s relentless work to improve services to youth who have been economically and socially marginalized, namely, those who have been abused and neglected. The Organization’s focus on delinquent and dependent youth demands that the government adopt proven strategies that are based on a healing paradigm that treats the wounds of an abusive or hard childhood in a way that causes each child served to thrive.

Where government resources fail to address the needs of children, Children First PA works to close that gap by directly deploying resources to meet the needs of children.

NOTE 1: ORGANIZATION (continued)

When COVID-19 struck, the Organization created a COVID Toolkit for Parents in 18 languages so that immigrants' parents who lost their jobs in droves could rapidly find help getting themselves or their children health insurance, keeping a roof over their heads with critical eviction protection information and putting food on the table with sources of free food and unemployment compensation resources. With school not operating, the Organization offered teachers and parents alike creative ways to use household items for hands-on arts projects for children and offered parents a respite with an online archive of great children's books read aloud by the Organization's volunteers. Finally, partners in the child care sector received business operation technical assistance enabling them to access over $4 million in federal emergency relief.

The Organization builds consensus to meet the needs of children across party lines enlisting lawmakers to work together in the interest of children. At the same time, the Organization does not typically accept government funds so that it can be an independent voice for children. The Organization is supported by foundations, corporations and individuals who take pride in its work and its track record of putting at least 75 cents of every dollar donated directly to work for children.

The way the Organization works is simple. It changes the lives of children by documenting what they need and mobilizing citizens and volunteers to meet those needs. The work that the Organization does is hard. It does the hard work needed to create a better future for every child and for all of society.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The Organization classifies its resources in accordance with activities or objectives specified by grantors. For financial reporting purposes, resources are classified based on the existence or absence of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and types of transactions affecting each category follow:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the Organization's objectives.

With donor restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been made in the year of receipt. Expirations of restrictions on net assets with donor restrictions, including reclassification of the restricted gifts and grants for equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Change in Net Assets.

Use of Estimates

The preparation of the 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 reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Unconditional Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Contracts Receivable and Other Receivables

The Organization expects contracts receivable to be fully collectible within one year. Accordingly, no allowance for doubtful accounts is required. Balances that are still outstanding after the Organization has used reasonable efforts are written off through a charge to operations.

Furniture, Equipment, and Depreciation

The Organization capitalizes all expenditures in excess of $1,000. Expenditures are capitalized at cost, including the cost necessary to get the assets ready for its intended use. Depreciation is computed on a straight-line basis using estimated useful lives of the respective assets.

Donated Assets

Donated marketable securities and other non-cash donations are recorded as contributions at their fair market values at the date of donation.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services and Materials

The Organization recognizes contributed professional services if the services received: (1) create or enhance non-financial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. There are no contributed services meeting these requirements for recognition in the financial statements for the years ended May 31, 2021 and 2020. A substantial number of volunteers have made a significant contribution of their time to the Organization's programs and supporting services; however, these services do not meet the criteria for recognition as contributed services.

Allocation of Functional Expenses and Statements of Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the Statements of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among certain functions.

The expenses that are allocated include the following:

Expense	Allocation
Salaries	Time and effort
Payroll taxes	Time and effort
Employee health and retirement benefits	Time and effort
Outside services	Full time equivalent
Audit	Time and effort
Supplies	Time and effort
Telephone	Time and effort
Postage	Time and effort
Rent	Time and effort
Equipment	Time and effort
Printing and copier	Time and effort
Travel	Full time equivalent
Meetings and conferences	Full time equivalent
Insurance	Time and effort
Special projects	Full time equivalent
Depreciation	Time and effort

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended May 31, 2021 and 2020 were $1,994 and $1,161, respectively.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Status

The Organization is exempt from Federal income taxes under Internal Revenue Code Section 501 (c)(3) and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. If the Organization were to incur any income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. There are no unrecognized tax benefits identified or recorded as liabilities as of and for the years ended May 31, 2021 and 2020.

The Organization's forms 990 are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (codified as "ASC 606") as well as other clarifications and technical guidance related to this new revenue standard, including ASC 340-40, Other Assets and Deferred Costs- Contracts with Customers ("ASC 340-40"). ASC 606 superseded the revenue recognition requirements in ASC 605, Revenue Recognition, and most industry-specific guidance. The Organization adopted ASC 606 and ASC 340-40 on June 1, 2020 (the effective date) using the full retrospective transition method. There was no required adjustment to net assets as a result of the cumulative effect of applying ASC 606 to active contracts as of the adoption date as all contracts began and ended in the same reporting period.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which will require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the impact that the pronouncement may have on the financial statements.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments- Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which affects all entities that hold financial assets and net investment in leases that are not accounted for at fair value through net income. The ASU is effective for fiscal years beginning after December 15, 2022, with early adopted permitted. The Organization is currently evaluating the impact that the pronouncement may have on the financial statements.

NOTE 3: AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at May 31, 2021 and 2020:

	2021	2020
Financial Assets at Year End:		
Cash and cash equivalents	**$ 1,536,835**	$ 1,556,169
Marketable securities	**1,649,973**	1,325,936
Pledges receivable, current portion	**1,622,718**	1,096,244
Contracts and other receivables	**41,360**	12,705
Total Financial Assets	**$ 4,850,886**	$ 3,991,054

The Organization's goal is generally to maintain marketable securities to meet six months of salaries and benefits. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

NOTE 4: CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at three financial institutions. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation or Securities Investor Protection Corporation. In the normal course of business, the Organization may have deposits that exceed the insured balance. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

NOTE 5: FAIR VALUE MEASUREMENTS AND INVESTMENTS

The Organization's investments are reported at fair value. Fair value is defined as the price that would be received for an asset or paid to transfer a liability in the Organization's principal or most advantageous market in an orderly transaction between market participants on the measurement date.

The fair value measurement accounting literature established a fair value hierarchy which requires the Organization to maximize the use of observable inputs when measuring fair value. The accounting standard describes three levels of inputs that may be used to measure fair value:

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

NOTE 5: FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted market prices for identical or similar assets and 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.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of an input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value as of May 31, 2021 and 2020:

	Year Ended May 31, 2021			
	Level 1	**Level 2**	**Level 3**	**Total**
Mutual Funds	**$ 1,649,973**	**$ -**	**$ -**	**$ 1,649,973**

	Year Ended May 31, 2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 1,325,936	$ -	$ -	$ 1,325,936

NOTE 5: FAIR VALUE MEASUREMENTS AND INVESTMENTS (continued)

The cost or other basis, unrealized appreciation (depreciation), and market values of investments at May 31, 2021 and 2020 are summarized as follows:

	Year Ended May 31, 2021		
	Cost or Other Basis	**Unrealized Appreciation**	**Market Value**
Mutual Funds	$ 1,307,885	$ 342,088	$ 1,649,973

	Year Ended May 31, 2020		
	Cost or Other Basis	Unrealized Appreciation	Market Value
Mutual Funds	$ 1,255,499	$ 70,437	$ 1,325,936

Investment income included realized gains of $870 and unrealized gains of $297,369 for the year ended May 31, 2021. Investment income included realized gains of $45 and unrealized gains of $70,437 for the year ended May 31, 2020. Interest and dividend income was $26,299 and $36,337 for the years ended May 31, 2021 and 2020, respectively.

NOTE 6: PLEDGES RECEIVABLE

As of May 31, 2021 and 2020, pledges receivable are as follows:

	2021	2020
Receivable in less than one year	**$ 1,622,718**	$ 1,096,244
Receivable in one to five years	**489,472**	289,496
Total Pledges Receivable	**2,112,190**	1,385,740
Less: Present value discount for grants to be received in more than one year (1.8% effective rate used)	**(6,905)**	(5,030)
Pledges Receivable, Net of Discount	**$ 2,105,285**	$ 1,380,710

NOTE 7: FURNITURE AND EQUIPMENT

	2021	2020
Furniture and equipment	$ 58,171	$ 58,171
Less: Accumulated depreciation	(44,539)	(40,086)
	$ 13,632	$ 18,085

Depreciation expense was $4,452 and $6,105 for the years ended May 31, 2021 and 2020, respectively.

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2021	2020
Child Education and Pre-K	$ 2,007,157	$ 1,509,341
Child Health	725,663	310,838
Vulnerable Youth	287,500	437,500
Fund for Growth/Strategic Plan	100,000	222,940
Rebranding	92,940	-
Picasso Project	101,400	117,800
Total Net Assets With Donor Restrictions	$ 3,314,660	$ 2,598,419

NOTE 9: NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors:

	2021	2020
Child Education and Pre-K	$ 919,429	$ 548,789
Child Health	248,837	98,740
Picasso Project	56,400	-
Vulnerable Youth	150,000	-
Fund for Growth/Strategic Plan	50,000	50,000
Total Net Assets Released from Restrictions	$ 1,424,666	$ 697,529

NOTE 10: BOARD DESIGNATED FUNDS

The Board of Directors had designated $1,568,527 and $1,242,873 of net assets without restrictions as of May 31, 2021 and 2020, respectively, for future periods to support the mission of the Organization. Those amounts are considered an internal designation and, accordingly, are not considered net assets with donor restrictions.

The overall financial objective of the board designated funds ("BDF") is to maximize total return consistent with an acceptable level of risk to provide a relatively predictable, stable, and constant stream of earnings. The BDF is invested in a diverse asset mix which includes approximately 55% equity funds and 45% fixed income funds. At any given time, the funds are to be able to fund six months of salaries and benefits.

The primary investment objective of the BDF is to attain an average annual real total return of at least 3.5% a year, net of management fees, over the long term. All realized interest and dividends from the funds will be reinvested in the BDF.

For the purpose of making distributions, the Organization makes use of a total-return based spending policy, meaning that distributions will be from the sum of net investment income, net realized capital gains, and proceeds from the sale of investments. It is anticipated, but not required, that the amount to be distributed from the BDF shall not exceed 2% to 3% of the trailing twelve quarters average value of the BDF. The amount is paid in quarterly payments throughout the fiscal year.

NOTE 11: EMPLOYEE RETIREMENT PLAN

The Organization has a contributory retirement plan in accordance with Section 403(b) of the Internal Revenue Code. Employees may contribute up to the limits allowable by the Internal Revenue Code. All eligible employees receive a contribution of 2% of their eligible salary beginning on the first day of their employment. Total contributions made to the Plan for the years ended May 31, 2021 and 2020 were $27,920 and $17,531, respectively.

NOTE 12: LEASE COMMITMENTS

The Organization leases office equipment and software under various operating leases expiring through 2026. Equipment rental expenses were $23,688 and $25,282 for the years ended May 31, 2021 and 2020, respectively.

The Organization conducts its operations using leased office space. Effective July 19, 2018, the Organization entered into a ninety-month lease with monthly payments ranging from $3,428 to $8,119 per month.

Occupancy expenses charged to operations for the years ended May 31, 2021 and 2020 were $81,057 and $79,795 respectively.

NOTE 12: LEASE COMMITMENTS (continued)

Future minimum annual lease payments are as follows:

For the Years Ending May 31,	
2022	$ 116,420
2023	103,958
2024	82,699
2025	82,699
2026	6,650
	$ 392,426

NOTE 13: PAYCHECK PROTECTION PROGRAM LOAN

In May 2020, the Organization obtained a Paycheck Protection Program loan totaling $200,000. The loan accrues interest at 1% and matures in May 2022. The loan was forgiven on April 9, 2021 and has been included in public support and revenue on the Statements of Activities and Change in Net Assets.

During April 2021, the Organization obtained a second Paycheck Protection Program loan totaling $252,359. The loan accrues interest at 1% and matures in May 2023. The loan is eligible for either full or partial forgiveness. The portion of the loan that is used to cover certain qualified expenses as directed by the Small Business Administration rules under the CARES Act over the 24-week period directly following loan disbursement is eligible to be forgiven. The Organization intends to apply for and receive full forgiveness of the loan.

Paycheck Protection Program loan consists of the following at June 30:

Paycheck Protection Program loan, $252,359, dated April 7, 2021, subject to forgiveness over a 24-month period, maturing April 2023.	$ 252,359
Less: Current portion	111,082
	$ 141,277

Scheduled future minimum payments as of May 31, 2021 are as follows:

For the Years Ending May 31,	Amount
2022	$ 111,082
2023	141,277
	$ 252,359

NOTE 14: RISKS AND UNCERTAINTIES

The 2019 novel coronavirus (or "COVID-19") has adversely affected, and may continue to adversely affect, economic activity globally, nationally and locally. These economic and market conditions and other effects of the COVID-19 outbreak may continue to cause volatility. The extent of any adverse impact of the COVID-19 outbreak on the Organizations account balances and the amounts reported in the 2021 Statement of Activities and Change in Net Assets cannot be predicted at this time.

NOTE 15: SUBSEQUENT EVENTS

The Organization has evaluated events through November 8, 2021, the date on which the financial statements were available to be issued.