

BOOKSPRING (a Nonprofit Corporation)

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

BOOKSPRING (a Nonprofit Corporation)

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BOOKSPRING (a Nonprofit Corporation)
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 747,022	\$ 645,373
Grants and other receivables, net	61,911	64,836
Inventory	180,499	141,197
Prepaid expenses and other current assets	1,653	84,843
Total Current Assets	991,085	936,249
AISD - right to use property	106,885	210,615
Property and equipment, net	23,847	28,709
Total Assets	\$ 1,121,817	\$ 1,175,573
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 22,901	\$ 49,413
Deferred program fees	62,000	-
Total Liabilities	84,901	49,413
Net Assets:		
Net assets without donor restrictions	874,826	719,577
Net assets with donor restrictions	162,090	406,583
Total Net Assets	1,036,916	1,126,160
Total Liabilities and Net Assets	\$ 1,121,817	\$ 1,175,573

BOOKSPRING (a Nonprofit Corporation)**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Program fees	\$ 75,591	\$ -	\$ 75,591
Grants and contracts	378,472	-	378,472
Contributions	270,886	-	270,886
Contributed services and donated assets	147,031	50,047	197,078
Other income	35,163	-	35,163
Net assets released from donor imposed restrictions	294,540	(294,540)	-
Total Revenues and Other Support	<u>1,201,683</u>	<u>(244,493)</u>	<u>957,190</u>
Expenses:			
Early literacy programs	719,859	-	719,859
Fundraising	162,453	-	162,453
General and administrative	164,122	-	164,122
Total Expenses	<u>1,046,434</u>	<u>-</u>	<u>1,046,434</u>
Change in net assets	155,249	(244,493)	(89,244)
Net assets, beginning of year	<u>719,577</u>	<u>406,583</u>	<u>1,126,160</u>
Net assets, end of year	<u>\$ 874,826</u>	<u>\$ 162,090</u>	<u>\$ 1,036,916</u>

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

BOOKSPRING (a Nonprofit Corporation)**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Other Support:			
Program fees	\$ 159,616	\$ -	\$ 159,616
Grants and contracts	280,411	264,966	545,377
Contributions	320,348	-	320,348
Contributed services and donated assets	248,226	30,432	278,658
Other income	58,674	-	58,674
Net assets released from donor imposed restrictions	287,848	(287,848)	-
Total Revenues and Other Support	<u>1,355,123</u>	<u>7,550</u>	<u>1,362,673</u>
Expenses:			
Early literacy programs	942,130	-	942,130
Fundraising	118,062	-	118,062
General and administrative	162,308	-	162,308
Total Expenses	<u>1,222,500</u>	<u>-</u>	<u>1,222,500</u>
Change in net assets	132,623	7,550	140,173
Net assets, beginning of year	586,954	399,033	985,987
Net assets, end of year	<u>\$ 719,577</u>	<u>\$ 406,583</u>	<u>\$ 1,126,160</u>

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

BOOKSPRING (a Nonprofit Corporation)
STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2021 AND 2020

2021	Early Literacy Programs	Fundraising	General and Administrative	Total
Expenses:				
Personnel costs	\$ 320,105	\$ 75,871	\$ 115,453	\$ 511,429
Direct program costs	206,169	-	-	206,169
Contractual costs	60,719	47,952	19,596	128,267
Travel and meals	5,415	6,553	739	12,707
Facilities and rental expense	89,067	25,016	23,004	137,087
Administration costs	38,384	7,061	5,330	50,775
Total Expenses	\$ 719,859	\$ 162,453	\$ 164,122	\$ 1,046,434
2020	Early Literacy Programs	Fundraising	General and Administrative	Total
Expenses:				
Personnel costs	\$ 379,759	\$ 30,565	\$ 78,861	\$ 489,185
Direct program costs	236,122	-	-	236,122
Contractual costs	44,409	41,556	42,113	128,078
Travel and meals	4,968	408	2,550	7,926
Facilities and rental expense	86,536	23,498	24,037	134,071
Administration costs	190,336	22,035	14,747	227,118
Total Expenses	\$ 942,130	\$ 118,062	\$ 162,308	\$ 1,222,500

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

BOOKSPRING (a Nonprofit Corporation)
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (89,244)	\$ 140,173
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Gain on disposal of property and equipment	-	(9,819)
Depreciation and amortization	114,412	113,582
Change in operating assets and liabilities:		
Grants and other receivables, net	2,925	(10,019)
Inventory	(39,302)	(41,149)
Prepaid expenses and other current assets	83,190	9,182
Accounts payable and accrued expenses	(26,512)	(26,350)
Deferred program fees	62,000	-
Net cash flows from operating activities	<u>107,469</u>	<u>175,600</u>
Cash flows from investing activities:		
Proceeds from the disposal of property and equipment	-	33,121
Purchase of property and equipment	(5,820)	-
Net cash flows from investing activities	<u>(5,820)</u>	<u>33,121</u>
Net change in cash and cash equivalents	101,649	208,721
Cash and cash equivalents, beginning of year	645,373	436,652
Cash and cash equivalents, end of year	<u>\$ 747,022</u>	<u>\$ 645,373</u>
Supplemental information:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

BOOKSPRING (a Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Organization and summary of significant accounting policies

Organization and Nature of Activities – BookSpring (the “Organization”) is a Texas nonprofit corporation that envisions a world of families reading and succeeding together. The Organization builds early literacy in children and families through healthcare, education, and community through over 200 partnerships designed to provide access to quality, developmentally appropriate print and digital books as a means of developing the lifelong motivation to read. The Organization provides support and volunteers to reach children, parents and caregivers with activities such as book distributions and read-aloud events nearly every day of the year. The Organization offers a continuum of early literacy programs targeting low-income zip codes in three program segments which include healthcare (BookSpringRx), education (BookSpringEd), and community (BookSpringGo). These three areas are comprised of the following programs:

- *Books-For-Me* motivates children from 3 to 12 years old to read through distribution of at least three books to own, motivational activities, and family involvement in children’s reading. Books-For-Me is implemented through partnering childcare centers, preschools, and elementary schools.
- *Summer Success* effectively reverses the summer reading slide in over 60% of participants. We offer a classroom-based curriculum for K, 1st, and 2nd grade teachers to provide reading support such as vocabulary and oral comprehension, together with a distribution to the students of 10 books before the summer break and supportive parent materials and text message reminders.
- *ReadWell and Pediatric Literacy Kit* programs promote early literacy and school readiness to children birth to 5 years by giving new books to children and advice to parents about the importance of reading aloud. The program operates in pediatric well-child visits, primary care settings, nurse home visitor programs, and WIC clinics.
- *Parent with Books* is an intergenerational literacy training program for parents and toddlers that improve literacy skills of both parents and children. Through role modeling, the programs encourage parents to read in family settings with their children to enhance their ability to succeed in school. We offer direct trainings and materials for sites to replicate this program, primarily through parent support in the schools and comprehensive parenting programs of other nonprofits.
- *BookSpring Days and ReBook* programs place donated children’s books into the hands of children in the community. Donated books are carefully sorted and distributed to children through community outreach events, children’s shelters, faith-based organizations, laundry mats, and libraries, with a special focus on the 20 highest poverty zip codes in central Texas.
- *The BookSpring Readathon* encourages community service by kids reading for kids and sharing the joy of book ownership with other children in the community. During the two-week event, children and book lovers collect donations supporting their personal goals of minutes read. Now in its 15th year, the donated proceeds support early literacy programs in the greater Austin area.

Basis of Presentation and Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

BOOKSPRING (a Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Organization and summary of significant accounting policies (continued)

Net Asset Classifications – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified as:

Net Assets With Donor Restrictions – Net assets the use of which is subject to donor restrictions or the passage of time that can be fulfilled by actions of the Organization pursuant to those stipulations.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor restrictions. Net assets without donor stipulations may be used for any purpose or designated for specific purposes by action of the Board of Directors of the Organization. There were no board designated net assets as of June 30, 2021 or 2020.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates include the value of in-kind support and donated assets, functional expense allocations, and useful lives of fixed assets for determining depreciation.

Cash and Cash Equivalents – For the purposes of the statements of cash flows, the Organization considers all investments with original purchased maturities of three months or less to be cash equivalents.

Grants and Other Receivables – Grants and other receivables consist of programs fees, grants, and other receivables. Grants and other receivables are considered past due based upon contractual terms of the underlying agreement. The Organization analyzes grants and other receivables individually for purposes of determining collectability at year-end. At June 30, 2021 and 2020, no allowance for doubtful accounts is required.

Inventory – The Organization maintains inventories of new and used books to support its programs. Inventory is stated at the lower of cost or net realizable value determined by the first-in, first-out method of expensing. Due to the nature of the materials and length of time they are held, the Organization did not provide for an allowance for obsolescence or decline in market value for new and used books as of June 30, 2021 and 2020.

Property and Equipment – Property and equipment purchased for or exceeding \$1,000 is recorded at cost. The Organization does not recognize depreciation on construction in progress until assets are placed in service. Depreciation for other property and equipment is provided using the straight-line method over the useful lives of the assets as follows: buildings and improvements forty years, equipment five years and technology equipment three years.

Long-Lived Assets – Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Organization compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made. No indicators of impairment existed at June 30, 2021 and 2020.

BOOKSPRING (a Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Organization and summary of significant accounting policies (continued)

Program Fees – The Organization recognizes revenue for program fees in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 606, *Revenue from Contracts with Customers* (ASC 606). The Organization recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. To determine revenue recognition for contracts with customers, the Organization performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Organization satisfies its performance obligations. At contract inception, the Organization will assess the goods or services agreed upon within each contract and assess whether each good or service is distinct and determine those that are performance obligations. The Organization then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Contracts, Grants, and Contributions – Contributions and grants received (including unconditional promises to give, “Pledges”) are recorded as donor-restricted support and without donor-restricted support in the period received depending on the existence and/or nature of any donor restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Conditional promises to give are recognized as the conditions upon which they depend are substantially met. Pledges are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years’ experience and management’s analysis of specific promises made. Allowances for uncollectible pledges as of June 30, 2021 and 2020 were both \$-0-.

Contributed Services and Other Support – The Organization recognizes contributed services at their fair value if the services create or enhance a nonfinancial asset or require specialized skills, are provided by the individuals possessing those skills, and would have been purchased if not provided by contributors. The Organization recognizes other contributed support at fair value on the date received. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. In-kind support and donated assets consist of donated books (new and gently used), promotional services, professional services, program and motivation supplies, leased property, and janitorial and utility services.

Functional Expense Classification – The expense information contained in the statements of activities is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories based on management’s estimates. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. These expenses include personnel costs; contractual costs; travel and meals; and administration costs; which are allocated based upon staff time devoted. Facilities and rental expenses are allocated by square footage to program, general and administrative, and fundraising services.

Income Tax – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. The Corporation has also been determined by the Internal Revenue Service (“IRS”) not to be a “private foundation” within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the years ended June 30, 2021 and 2020.

BOOKSPRING (a Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Organization and summary of significant accounting policies (continued)

FASB ASC Section 740 requires extensive disclosures about uncertain tax positions. The requirements of this standard are applicable to nonprofit organizations. The Organization evaluates any uncertain tax positions using the provisions of FASB ASC 450, *Contingencies*. Accordingly, a loss contingency is recognized when it is probably that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management's judgment with respect to the likely outcome of each uncertain tax position.

The Organization does not believe that it has engaged in any situation that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and, therefore, no loss contingency has been recognized in the accompanying financial statements. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the IRS or state taxing authorities. The Organization's policy is to record any income tax related penalties and interest incurred as general and administrative expense. There are no income tax related penalties and interest included in the accompanying financial statements.

Recently Issued Accounting Pronouncements – In May 2014, FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue Recognition (Topic 606)*. This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The core principle of this ASU is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this ASU on July 1, 2020, using the full retrospective method and the implementation of this ASU did not have a significant impact on the Organization's financial statements or disclosures.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize on its balance sheet a right-of-use asset and a lease liability under most operating leases. This ASU requires a lessee to recognize on its balance sheet a right-of-use asset and a lease liability under most operating leases. For private companies, the ASU is effective for annual and interim periods beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the effects that the adoption of ASU 2016-02 will have on its financial position, results of operations, or cash flows.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-18 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Organization adopted this ASU on July 1, 2019 and the implementation of this ASU did not have a significant impact on the Organization's financial statements or disclosures.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. This standard will be effective for fiscal years beginning after June 15, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

BOOKSPRING (a Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Organization and summary of significant accounting policies (continued)

Other recently issued ASUs were assessed and determined to be either not applicable or are expected to have minimal impact on its financial position and results of operations.

Management's Review – The Organization evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's financial statements are available for issuance. For the financial statements as of and for the year ending June 30, 2021, this date was November 19, 2021.

Note 2—Liquidity and Availability

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 747,022	\$ 645,373
Grants and other receivables, net	61,911	64,836
	<u>\$ 808,933</u>	<u>\$ 710,209</u>

Receivables are expected to be collected within one year. Total net assets with donor restrictions as of June 30, 2021 were approximately \$162,000. Due to the nature of its mission, the Organization is substantially supported by grants and contributions without restrictions. Therefore, financial assets are typically available for general expenditures within one year.

Note 3—Contributed services and donated assets

During the years ended June 30, 2021 and 2020, the Organization received approximately \$5,000 and \$90,000, respectively, in donated media coverage and other professional services associated with the Read-A-Thon program.

Effective July 1, 2017, the Organization executed a new five-year lease agreement with AISD with the possibility of two, two-year extensions thereafter. The agreement is to retain the original two portable buildings originally purchased from AISD and for the use and maintenance of one additional portable building already on the AISD site. The Organization has estimated the net present value of these future services for the initial five-year term to be \$503,793, which was recorded as an asset and a contribution with donor restrictions during the year ended June 30, 2018 and will be amortized on a straight-line basis over the initial term of the agreement. Amortization expense related to the AISD donated portable buildings and services was approximately \$103,000 and \$101,000 for the years ended June 30, 2021 and 2020, respectively, and is included in facilities and rental expense in the statements of functional expenses for the years ended June 30, 2021 and 2020.

In April 2021, the Organization exercised the two-year extension with AISD, which extends the date of the lease through June 30, 2024. AISD retains a 180-day right to terminate the agreement, which expires on January 1, 2022. Because of this condition, this contribution, estimated to be approximately \$200,000, will be recognized upon expiration of the right to terminate.

BOOKSPRING (a Nonprofit Corporation)
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 3—Contributed services and donated assets (continued)

The remaining amounts of in-kind revenue and donated assets reported on the statements of activities for the years ended June 30, 2021 and 2020 represent donated books and other materials supporting the Organization's programs.

The Organization does receive substantial support from volunteers; however, these services do not meet the requirements for revenue recognition in the financial statements as set forth in FASB ASC 958-605.

Note 4—Property and equipment

Property and equipment comprised the following at June 30:

	2021	2020
Portable buildings and improvements	\$ 66,128	\$ 66,128
Furniture and equipment	24,638	18,818
Website and software	16,820	16,820
Total property and equipment	107,586	101,766
Less accumulated depreciation and amortization	(83,739)	(73,057)
Property and equipment, net	<u>\$ 23,847</u>	<u>\$ 28,709</u>

Depreciation and amortization expense related to property and equipment totaled approximately \$11,000 and \$13,000 for the years ended June 30, 2021 and 2020, respectively.

Note 5—Commitments and contingencies

The Organization is subject to various claims and liabilities in the ordinary course of business. At June 30, 2021 and 2020, there were no significant outstanding legal actions or claims against the Organization. The Organization maintains various forms of insurance that the Organization's management believes are adequate to reduce the exposure to such risks to an acceptable level.

Note 6—Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2021	2020
AISSD donated land and services	\$ 106,885	\$ 210,615
Summer Success program	-	82,538
ReadWell program	17,181	28,442
Other purposes	38,024	84,988
Total net assets with donor restrictions	<u>\$ 162,090</u>	<u>\$ 406,583</u>

BOOKSPRING (a Nonprofit Corporation)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 6—Net assets with donor restrictions (continued)

Net assets released from donor restrictions due to the satisfaction of requirements consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
AISD donated land and services	\$ 103,730	\$ 100,668
Books For Me program	-	44,000
Summer Success program	102,010	57,462
ReadWell program	88,800	75,718
Other purposes	-	10,000
Total net assets with donor restrictions	<u>\$ 294,540</u>	<u>\$ 287,848</u>

Note 7—Related parties

During the years ended June 30, 2021 and 2020, the Organization received contributions of approximately \$33,000 and \$60,000, respectively, from various members of the Board of Directors. These amounts represent actual cash contributions received and are included in contributions in the accompanying statements of activities.

Note 8—Paycheck Protection Program Loan

On May 4, 2020, the Organization qualified for and received a loan pursuant to the Payment Protection Program (“PPP”), a program implemented by the U.S. Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), from a qualified lender (the PPP Lender), for an aggregate principal amount of \$90,200 (the “PPP Loan1”). The PPP Loan1 bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of approximately two years, and is unsecured and guaranteed by the U.S. SBA. The principal amount of the PPP Loan1 is subject to forgiveness under the PPP upon the Organization’s request to the extent that the PPP Loan1 proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization applied for and received forgiveness of the PPP Loan1 with respect to these covered expenses.

On January 28, 2021, the Organization qualified for and received a second PPP Loan under the above program for an aggregate principal amount of \$94,300 (“PPP Loan2”). The PPP Loan2 bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of approximately two years, and is unsecured and guaranteed by the U.S. SBA. The principal amount of the PPP Loan2 is subject to forgiveness under the PPP upon the Organization’s request to the extent that the PPP Loan2 proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization applied for and received forgiveness of the PPP Loan2 with respect to these covered expenses.

During the years ended June 30, 2021 and 2020, approximately \$101,000 and \$83,000, respectively, was recognized as grants and contracts revenue on the accompanying statements of activities in conjunction with the recognition of qualified expenditures.