

WINGS for Kids

Report on Financial Statements

Year Ended June 30, 2021



WINGS for Kids
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Independent Auditor's Report

To the Board of Directors
WINGS for Kids
Charleston, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of WINGS for Kids, which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 WINGS for Kids, as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of WINGS for Kids' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WINGS for Kids' internal control over financial reporting and compliance.

Veris LLC

Mount Pleasant, South Carolina
December 20, 2021



WINGS for Kids
Statement of Financial Position
June 30, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 3,723,585
Unconditional promises to give	43,509
Prepaid expenses	1,483
COVID relief grants receivable	367,376
Grants receivable	<u>308,910</u>
Total Current Assets	<u>4,444,863</u>

Noncurrent Assets

Investments	92,356
Investments restricted for permanent endowment	<u>49,000</u>
Total Noncurrent Assets	<u>141,356</u>

Total Assets

\$ 4,586,219

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 84,692
Accrued interest	1,685
Accrued salaries and payroll taxes	231,243
Current portion of long-term debt	18,565
Accrued compensated absences	150,108
Deferred revenue	<u>5,575</u>
Total Current Liabilities	<u>491,868</u>

Noncurrent Liabilities

Long-term debt, net of current portion	<u>572,098</u>
Total Noncurrent Liabilities	<u>572,098</u>

Total Liabilities

1,063,966

Net Assets

Without donor restrictions	3,433,253
With donor restrictions	<u>89,000</u>
Total Net Assets	<u>3,522,253</u>

Total Liabilities and Net Assets

\$ 4,586,219

WINGS for Kids
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 1,145,458	\$ 40,000	\$ 1,185,458
Grants:			
Federal grants	1,210,212	-	1,210,212
Other grants	81,363	-	81,363
COVID relief grants	367,376	-	367,376
Gain on PPP loan forgiveness	680,190	-	680,190
In-kind contributions	376,946	-	376,946
Program revenue	78,164	-	78,164
Investment income	36,166	-	36,166
Other income	5,425	-	5,425
Net assets released from restrictions	954,430	(954,430)	-
Total Revenue and Support	4,935,730	(914,430)	4,021,300
Expenses			
Program services	3,547,325	-	3,547,325
Supporting services			
Management and general	640,362	-	640,362
Fundraising	194,976	-	194,976
Total Supporting Services	835,338	-	835,338
Total Expenses	4,382,663	-	4,382,663
Change in Net Assets	553,067	(914,430)	(361,363)
Beginning Net Assets, as Originally Stated	2,943,252	1,003,430	3,946,682
Prior period restatement	(63,066)	-	(63,066)
Beginning Net Assets, Restated	2,880,186	1,003,430	3,883,616
Net Assets, End of Year	\$ 3,433,253	\$ 89,000	\$ 3,522,253

See accompanying notes to the financial statements and independent auditor's report.

WINGS for Kids
Statement of Functional Expenses
Year Ended June 30, 2021

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Functional Expenses				
Personnel	\$ 2,178,383	\$ 388,287	\$ 151,608	\$ 2,718,278
Contractual services	623,177	43,983	1,776	668,936
In-kind	368,798		8,148	376,946
Technology	79,014	20,600	11,821	111,435
Accounting	-	101,520	-	101,520
Supplies	75,445	4,565	14,634	94,644
Miscellaneous	55,410	11,096	2,312	68,818
Rent and utilities	1,034	51,353	-	52,387
Program evaluation	51,171	-	-	51,171
Telephone	27,110	10,193	1,620	38,923
Insurance	33,700	2,111	-	35,811
Program fees	34,119	1,480	-	35,599
Advertising and marketing	11,831	2,153	2,671	16,655
Travel and conference	8,010	2,465	386	10,861
Interest	-	556	-	556
Bad debt	123	-	-	123
Total Functional Expenses	\$ 3,547,325	\$ 640,362	\$ 194,976	\$ 4,382,663

WINGS for Kids
Statement of Cash Flows
Year Ended June 30, 2021

Cash Flows from Operation Activities:	
Change in net assets	\$ (424,429)
Adjustments to reconcile change in net assets to net cash used in operations:	
Investment income	(36,166)
Gain on PPP loan forgiveness	(680,190)
Bad debt expense	123
Change in:	
Unconditional promises to give	6,653
Prepaid expenses	(1,483)
COVID relief grants receivable	(367,376)
Grants receivable	629,284
Accounts payable	52,357
Accrued salaries and payroll taxes	16,816
Accrued compensated absences	106,804
Deferred revenue	5,575
	<u> </u>
Net Cash Used in Operating Activities	<u>(692,032)</u>
 Cash Flows from Investing Activities:	
Reinvestment of investment income	<u>611</u>
Net Cash Provided by Investing Activities	<u>611</u>
 Cash Flows from Financing Activities:	
Proceeds from long-term debt	<u>590,663</u>
Net Cash Provided by Financing Activities	<u>590,663</u>
 Net Decrease in Cash and Cash Equivalents	 <u>(100,758)</u>
 Cash and Cash Equivalents, Beginning of Year	 <u>3,824,343</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 3,723,585</u>

See accompanying notes to the financial statements and independent auditor's report.

WINGS for Kids

Notes to Financial Statements

Note A – Nature of Operations and Summary of Significant Accounting Policies

Nature of Activities

WINGS for Kids (the Organization) equips at-risk children with the social and emotional skills they need to succeed in school, stay in school, and thrive in life. The Organization operates afterschool programs at Title I elementary schools in the Southeast; provides professional development workshops to empower others with social emotional learning best practices; and works in partnership with schools and youth serving organizations to scale social emotional learning initiatives across the country.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (U.S. GAAP), and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenue is recognized when earned and expenditures are recognized when incurred.

Basis of Presentation

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) of the United States of America in its Accounting Standards Codification (ASC) 958 – 205, *Not for Profit Entities – Presentation of Financial Statements*. These standards require classification of net assets and changes in net assets as net assets without donor restrictions and net assets with donor restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

The Organization recognizes the majority of its revenue and support when 1.) unrestricted donations are received or unconditionally promised or when 2.) conditional donations have their donor specified condition satisfied. Performance obligations for unconditional donations are satisfied at a point in time, upon receipt of the donation or unconditional promise. Performance obligations for conditional donations received are satisfied over time, as conditions are met.

Revenue and support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

WINGS for Kids
Notes to Financial Statements

Functional Allocation of Expense

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the appropriate expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases as determined by Management.

Cash and Cash Equivalents

All unrestricted, highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents for financial statement purposes.

Unconditional Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. Unconditional promises to give due in subsequent years are reported at present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are to be received. The Organization uses the allowance method to determine uncollectible promises to give when deemed necessary. The allowance is based on prior years' experience and management's analysis of specific accounts.

Grants Receivable

The Organization conducts several programs that are funded by grants provided by various non-profits, foundations, and corporations. Grants receivable are recognized for unconditional grant revenue or for grants determined to be conditional whereby the conditions have been substantially met.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt and equity securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. During the year ended June 30, 2021, no additional funds were transferred from the Organization to the Coastal Community Foundation, Inc. (CCF) to be invested in perpetuity with the income available for annual distribution. The Foundation has ownership of the fund as well as variance power. The Organization recognizes its interest in the net assets at fair value since it is both the donor and recipient not-for-profit organization.

Property, Plant, and Equipment, Net

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment are carried at cost. Donated property and equipment are recorded at the approximate fair value at the date of donation. Improvements which materially add to the value of related assets or materially extend the useful life of property and equipment are capitalized. Other expenditures for maintenance and repairs are charged to operations in the year the costs are incurred. All property, plant, and equipment was fully depreciated as of June 30, 2021.

Depreciation is provided for over the estimated service lives of the respective assets on the straight-line method. A summary of depreciable lives follows:

Furniture and equipment	3 – 10 years
Buildings and improvements	10 – 40 years

WINGS for Kids

Notes to Financial Statements

Endowment Fund

The state of South Carolina follows the State Prudent Management of Institutional Funds Act (SPMIFA). The Board of Directors of the Organization has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity (a) the original gifts donated to the permanent endowment, (b) subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as donor restrictions for use or purpose until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Restricted and Unrestricted Revenue and Support

Contributions received are recorded in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition*. These standards require that contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions.

In-kind Contributions and Expenses

The Organization records various types of in-kind contributions which include donations of snacks, space, supplies, and professional services. These items are recorded at the estimated fair value. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses.

Income Tax Status

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from federal and state income taxes unless income generated from unrelated business activities. There is no unrelated business income for the year ended June 30, 2021. The Organization qualifies under Section 170(b)(1) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

WINGS for Kids

Notes to Financial Statements

The FASB provides guidance on the Organizations' evaluation of accounting for uncertainty in income taxes. Management evaluated the Organization's position and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provision of this guidance.

Advertising and Marketing Expenses

The Organization reports advertising and marketing costs as incurred. Advertising and marketing totaled \$16,655 for the year ended June 30, 2021.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires that lease arrangements longer than 12 months result in an entity recognizing an asset and a liability. The standard requires use of the modified retrospective transition approach. The Organization expects this standard will have a significant impact on the Organization's financial statements from the recognition of right of use assets and related liabilities. The FASB issued ASU 2020-05 which delays the effective date of ASU 2016-02. The delayed guidance is effective for the Organization for fiscal years beginning after December 15, 2021.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 was issued in order to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for nonprofit organizations. The main provisions of ASU 2020-07 require an organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The guidance should be applied on a retrospective basis and is effective for annual period beginning after June 15, 2021, and early application is permitted.

Note B – Credit Risk

The Organization maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents as it uses sweep accounts to ensure funds are disbursed to multiple bank accounts within federally insured limits.

Note C – Unconditional Promises to Give

Unconditional promises to give of \$43,509 are due for the year ended June 30, 2021. Promises to give are stated net of an allowance for uncollectible promises to give of \$0 at June 30, 2021. Bad debt expense totaled \$123 for the year ended June 30, 2021.

WINGS for Kids
Notes to Financial Statements

Note D – Fair Value of Financial Assets and Liabilities

The Organization has adopted the provisions of FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets and liabilities and is required to provide additional disclosures. FASB ASC 820 clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. FASB ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value at June 30, 2021.

Beneficial interest in assets held by others: Valued at net asset value per unit as reported by the Coastal Community Foundation, as an estimate for measuring fair value. The Organization uses this estimation method because the units do not trade in the marketplace and the CCF reports all its investment assets at fair value. Net asset value, determined by the CCF quarterly, is the price at which the Organization can purchase or withdraw units from the CCF.

The Organization does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during the year ended June 30, 2021.

There were no changes during the year ended June 30, 2021 to the Organization’s valuation techniques used to measure asset and liability fair values on a recurring basis.

The following table sets forth by level within FASB ASC 820’s fair value hierarchy, the Organization’s financial assets and liabilities accounted for at fair value on a recurring basis as of June 30, 2021. As required by FASB ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization’s assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	Fair Value Measurements at June 30, 2021		
	Level 1	Level 2	Level 3
Beneficial interest in assets held by others	\$ -	\$ 141,356	\$ -

WINGS for Kids
Notes to Financial Statements

The Organization has \$3,723,585 of cash including cash held in brokerage accounts, as of June 30, 2021, which are not classified as a Level as prescribed within FASB ASC 820.

Note E – Coastal Community Foundation Endowment

During 2003, the Organization created an endowment fund in which the funds were given to CCF, a South Carolina non-profit corporation, to manage. CCF holds, manages, and invests the funds, and has variance power over the funds. The primary purpose of this endowment is to provide income to the Organization in support of its mission.

The fund activity and balance are as follows for the year ended June 30, 2021:

Beginning Balance	\$	105,801
Investment income		2,546
Change in market value		34,286
Support fees		<u>(1,277)</u>
Ending Balance	\$	<u>141,356</u>

Note F – Line of Credit

The Organization has a secured revolving line of credit with a bank with a maximum credit line of \$250,000 maturing on December 5, 2021. The line bears interest at the greater of a floating rate equal to the prime rate (prime was 3.25% at June 30, 2021) plus 1.25% or the floor rate of 5.00%. The balance as of June 30, 2021 was \$0.

Note G – Long-term Debt

During the year ended June 30, 2020, the Organization took out a loan in conjunction with the Paycheck Protection Program in the amount of \$680,190. The Organization applied for loan forgiveness and had the full amount forgiven during the year ended June 30, 2021. In accordance with ASC 405-20, *Liabilities – Extinguishments of Liabilities*, the amount that has been forgiven is recognized in the Statement of Activities as a gain on PPP loan forgiveness.

Long-term debt as of June 30, 2021 consist of the following:

Note payable to a bank in conjunction with the Paycheck Protection Program. The note would mature in February 2026 and bear interest of 1.00%. This note payable was eligible for forgiveness, and the full amount was forgiven subsequent to June 30, 2021 (see Note P).

	\$	<u>590,663</u>
Total Long-term Debt		<u>590,663</u>
Less: current portion of long-term debt		<u>(18,565)</u>
Long-term Debt, Net of Current Portion	\$	<u>572,098</u>

WINGS for Kids
Notes to Financial Statements

The schedule of future minimum payments is as follows:

Year Ending June 30,	
2022	\$ 18,565
2023	153,953
2024	155,500
2025	157,062
2026	<u>105,583</u>
Total	<u>\$ 590,663</u>

Note H – Compensated Absences

The Organization’s policy on compensated absences is as follows: Corporate staff, employed on a 12-month basis begin new employment with 10 days of paid time off (PTO), accrued annually and receive an additional two days accrued per year of services. The maximum total accrual an employee may accrue each year is 34 days. The maximum total accrued PTO balance of an employee may not exceed 45 days. For program staff that do not meet the 12-month requirement, PTO is accrued up to 10 days during the contract year. Returning employees may carry over up to two days annually into the next contract year.

Accrued compensated absences is recorded based on total accumulated PTO for all employees as of June 30, 2021. The value of accrued compensated absences is estimated to be \$150,108 at June 30, 2021.

Note I – Net Assets with Donor Restrictions

The Organization’s net assets with donor restrictions are restricted for the following purposes at June 30, 2021:

Subject to Time Restrictions	
Grants	<u>\$ 35,000</u>
Subject to Purpose Restrictions	
Charleston County Title I Schools	<u>5,000</u>
Total	<u>5,000</u>
Subject to Restrictions into Perpetuity	
Investments restricted for permanent endowment	<u>49,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 89,000</u>

Net assets released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrence of the passage of time or other events specified by the donors were \$954,430 for the year ended June 30, 2021.

WINGS for Kids
Notes to Financial Statements

Note J – In-kind Contributions

For the year ended June 30, 2021, the Organization received in-kind contributions of snacks, occupancy costs, and professional services totaling \$11,738, \$360,708, and \$4,500, respectively. Corresponding expenses have been recorded for these contributions in the Statement of Activities.

Note K – Related Party Transactions

The Organization’s Board Members contributed a total of \$136,815 for the year ended June 30, 2021. As of June 30, 2021, the Organization had outstanding donations due from board members of \$15,000.

Note L – Operating Leases

The Organization has operating leases for office space in Atlanta, Georgia and Charleston, South Carolina.

The future minimum annual lease payments are as follows:

Year Ending June 30,	
2022	\$ 51,350
2023	38,400
2024	38,400
2025	<u>9,600</u>
Total	<u>\$ 137,750</u>

The total lease expense, including in-kind, for the year ended June 30, 2021 is \$52,387.

Note M – Liquidity and Availability of Financial Assets

The Organization’s working capital and cash flows have seasonal variations during the year attributable to the timing of support and contributions. To manage liquidity, the Organization evaluates cash on a monthly basis as part of the monthly detail review of the internal financial statements, and estimates cash needs based on budgeted and current expenses. The Organization aims to have four months of cash available on-hand. Further, the Organization maintains a line of credit of \$250,000 with a bank that is drawn upon as needed during the year to manage cash flow. See Note F for further description of this line of credit.

WINGS for Kids
Notes to Financial Statements

The following reflects the Organization’s financial assets as of June 30, 2021, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

Cash and cash equivalents	\$ 3,723,585
Unconditional promises to give	43,509
Investments	141,356
COVID relief grants receivable	367,376
Grants receivable	<u>308,910</u>
 Total Financial Assets	 <u>4,584,736</u>
 Less: Amounts not available to be used within one year:	
Net assets with time or purpose restrictions	(40,000)
Net assets restricted in perpetuity	(49,000)
Add back: Net assets with time or purpose restrictions to be met in less than a year	 <u>40,000</u>
 Total Amounts Not Available to be Used Within One Year	 <u>(49,000)</u>
 Total Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	 <u><u>\$ 4,535,736</u></u>

Note N – Commitments and Contingencies

Effective January 11, 2019, the Organization entered into an agreement with Discovery Education (DE), the global leader in standards-aligned digital curriculum resources, engaging content, and professional learning for K-12 classrooms, to create an educator facing video series including a model classroom experience for educators, modeled after a virtual fieldtrip, SME expert videos, and educator training videos all bundled with educator guides and classroom content and providing other educational services. The agreement terminates on June 30, 2022 and the Organization has committed \$1,600,000 to be paid to DE over life of the project.

Note O – Prior Period Restatement

During the year ended June 30, 2021 audit a material error in the accounting for accrued compensated absences was discovered whereby accrued compensated absences as of June 30, 2020 was found to be understated by \$63,066. Management has corrected the error and the June 30, 2020 financial statements have been restated.

Note P – Subsequent Events

Management has evaluated subsequent events through the date which the financial statements were available to be issued.

On September 2, 2021, the Organization’s note payable of \$590,663 to a bank in conjunction with the Paycheck Protection Program was forgiven in full.

WINGS for Kids
Notes to Financial Statements

The COVID-19 pandemic has caused business disruptions domestically and is anticipated to continue for the foreseeable future. The Organization expects the ramifications of COVID-19 to have an impact on its results. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related restrictions and the impact of COVID-19 on overall demand for the Organization's services, all of which are highly uncertain and cannot be predicted.