

Partnership for After School Education, Inc.

Financial Statements

June 30, 2020 and 2019

Independent Auditors' Report

Board of Directors **Partnership for After School Education, Inc.**

We have audited the accompanying financial statements of Partnership for After School Education, Inc. ("PASE"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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.

Auditors' 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 auditors' 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 PASE as of June 30, 2020 and 2019 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.

PKF O'Connor Davies, LLP

November 12, 2020

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Partnership for After School Education, Inc.

Statements of Financial Position

	June 30,	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 375,085	\$ 332,053
Grants and accounts receivable	162,866	197,562
Prepaid expenses and other assets	25,729	20,744
Property and equipment, net	<u>78,985</u>	<u>93,793</u>
	<u>\$ 642,665</u>	<u>\$ 644,152</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 104,844	\$ 34,709
Refundable advances	-	3,176
Loan payable - PPP	134,770	-
Capital lease obligation	73,131	93,896
Deferred rent	29,034	45,626
Security deposit payable	<u>10,000</u>	<u>10,000</u>
Total Liabilities	<u>351,779</u>	<u>187,407</u>
 Net Assets (Deficit)		
Without donor restrictions	(92,043)	266,745
With donor restrictions	<u>382,929</u>	<u>190,000</u>
Total Net Assets	<u>290,886</u>	<u>456,745</u>
	<u>\$ 642,665</u>	<u>\$ 644,152</u>

See notes to the financial statements

Partnership for After School Education, Inc.

Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Grants and contributions	\$ 687,576	\$ 377,929	\$ 1,065,505
In-kind contributions	4,000	-	4,000
Special events, net of direct benefit to donors of \$254,659	517,243	-	517,243
Contract and program fees	73,197	-	73,197
Rental and other income	139,900	-	139,900
Interest income	15	-	15
Net assets released from restrictions	<u>185,000</u>	<u>(185,000)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,606,931</u>	<u>192,929</u>	<u>1,799,860</u>
 OPERATING EXPENSES			
Program services	<u>1,503,474</u>	<u>-</u>	<u>1,503,474</u>
Supporting Services			
Administrative and general	135,659	-	135,659
Fundraising	<u>302,039</u>	<u>-</u>	<u>302,039</u>
Total Supporting Services	<u>437,698</u>	<u>-</u>	<u>437,698</u>
Total Operating Expenses	<u>1,941,172</u>	<u>-</u>	<u>1,941,172</u>
(Deficiency) Excess of Public Support and Revenue over Operating Expenses Before Depreciation and Amortization	(334,241)	192,929	(141,312)
Depreciation and amortization	<u>(24,547)</u>	<u>-</u>	<u>(24,547)</u>
Change in Net Assets	<u>(358,788)</u>	192,929	<u>(165,859)</u>
 NET ASSETS (DEFICIT)			
Beginning of year	<u>266,745</u>	<u>190,000</u>	<u>456,745</u>
End of year	<u>\$ (92,043)</u>	<u>\$ 382,929</u>	<u>\$ 290,886</u>

See notes to the financial statements

Partnership for After School Education, Inc.

Statement of Activities
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Grants and contributions	\$ 713,767	\$ 135,000	\$ 848,767
In-kind contributions	4,330	-	4,330
Special events, net of direct benefit to donors of \$240,191	532,259	-	532,259
Contract and program fees	97,325	-	97,325
Rental and other income	132,718	-	132,718
Interest income	105	-	105
Net assets released from restrictions	<u>460,683</u>	<u>(460,683)</u>	<u>-</u>
Total Public Support and Revenue	<u>1,941,187</u>	<u>(325,683)</u>	<u>1,615,504</u>
 OPERATING EXPENSES			
Program services	<u>1,448,738</u>	<u>-</u>	<u>1,448,738</u>
Supporting Services			
Administrative and general	185,935	-	185,935
Fundraising	<u>257,609</u>	<u>-</u>	<u>257,609</u>
Total Supporting Services	<u>443,544</u>	<u>-</u>	<u>443,544</u>
Total Operating Expenses	<u>1,892,282</u>	<u>-</u>	<u>1,892,282</u>
Excess (Deficiency) of Public Support and Revenue over Operating Expenses Before Depreciation and Amortization	48,905	(325,683)	(276,778)
Depreciation and amortization	<u>(35,861)</u>	<u>-</u>	<u>(35,861)</u>
Change in Net Assets	13,044	(325,683)	(312,639)
 NET ASSETS			
Beginning of year	<u>253,701</u>	<u>515,683</u>	<u>769,384</u>
End of year	<u>\$ 266,745</u>	<u>\$ 190,000</u>	<u>\$ 456,745</u>

See notes to the financial statements

Partnership for After School Education, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services					Supporting Services				Total
	College Prep and Success	PASEsetter	Summer Learning	Principles and Practice, Youth Outcome and Global Learning	Leadership Development and STEM	Program Services Total	Administrative and General	Fundraising	Supporting Services Total	
PERSONNEL COSTS										
Salaries	\$ 100,967	\$ 54,696	\$ 74,145	\$ 87,754	\$ 172,170	\$ 489,732	\$ 60,330	\$ 135,170	\$ 195,500	\$ 685,232
Fringe benefits	30,581	16,566	22,457	26,579	52,147	148,330	18,273	40,940	59,213	207,543
Total Personnel Costs	131,548	71,262	96,602	114,333	224,317	638,062	78,603	176,110	254,713	892,775
OTHER THAN PERSONNEL COSTS										
Stipends	-	25,000	69,000	-	35,000	129,000	-	-	-	129,000
Professional and consulting fees	25,629	13,883	18,821	22,275	208,177	288,785	15,314	34,311	49,625	338,410
Occupancy	57,239	44,268	42,034	49,749	97,605	290,895	34,201	63,369	97,570	388,465
Telephone and communications	3,422	2,660	2,513	2,975	5,836	17,406	2,045	3,802	5,847	23,253
Supplies and office expenses	1,225	881	900	1,064	12,054	16,124	732	1,432	2,164	18,288
Postage and mailing	391	313	287	339	1,376	2,706	233	483	716	3,422
Event catering and presentation	413	579	385	359	22,313	24,049	246	259,947	260,193	284,242
Travel and related expenses	449	27	75	43	799	1,393	29	66	95	1,488
Dues and subscriptions	759	289	392	464	4,131	6,035	319	1,037	1,356	7,391
Printing and copying	-	-	936	-	-	936	-	-	-	936
Workshops, meetings and conferences	1,200	-	5,909	-	47,360	54,469	-	-	-	54,469
Equipment rental, repairs and maintenance	952	736	699	828	1,624	4,839	569	1,045	1,614	6,453
Bad debt	-	-	-	-	-	-	-	4,795	4,795	4,795
Advertising	12	6	9	10	520	557	7	15	22	579
Insurance	4,160	3,217	3,055	3,615	7,093	21,140	2,485	4,605	7,090	28,230
Staff development and training	403	218	296	350	688	1,955	241	540	781	2,736
Interest	470	254	346	409	802	2,281	281	630	911	3,192
Bank and merchant fees	543	294	399	472	1,134	2,842	354	4,511	4,865	7,707
	228,815	163,887	242,658	197,285	670,829	1,503,474	135,659	556,698	692,357	2,195,831
Less expenses of direct benefit to donors	-	-	-	-	-	-	-	(254,659)	(254,659)	(254,659)
Total Expenses Before Depreciation and Amortization	228,815	163,887	242,658	197,285	670,829	1,503,474	135,659	302,039	437,698	1,941,172
Depreciation and amortization	3,617	1,959	2,656	3,144	6,168	17,544	2,161	4,842	7,003	24,547
Total Expenses	\$ 232,432	\$ 165,846	\$ 245,314	\$ 200,429	\$ 676,997	\$ 1,521,018	\$ 137,820	\$ 306,881	\$ 444,701	\$ 1,965,719

Partnership for After School Education, Inc.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services						Supporting Services				Total
	College Prep and Success	PASEsetter	Summer Learning	Principles and Practice, Youth Outcome and Global Learning	Leadership Development	STEM	Program Services Total	Administrative and General	Fundraising	Supporting Services Total	
PERSONNEL COSTS											
Salaries	\$ 76,838	\$ 40,209	\$ 70,155	\$ 102,656	\$ 140,995	\$ 47,645	\$ 478,498	\$ 60,751	\$ 116,659	\$ 177,410	\$ 655,908
Fringe benefits	20,347	10,651	18,592	27,192	37,357	12,614	126,753	16,107	30,893	47,000	173,753
Total Personnel Costs	97,185	50,860	88,747	129,848	178,352	60,259	605,251	76,858	147,552	224,410	829,661
OTHER THAN PERSONNEL COSTS											
Stipends	-	25,000	66,000	500	32,500	22,400	146,400	-	-	-	146,400
Professional and consulting fees	7,867	4,119	10,795	12,318	143,105	6,756	184,960	50,065	64,034	114,099	299,059
Occupancy	44,340	23,211	40,516	59,259	81,410	27,490	276,226	35,101	67,324	102,425	378,651
Telephone and communications	3,022	1,582	2,762	4,039	5,549	1,874	18,828	2,393	4,678	7,071	25,899
Supplies and office expenses	1,628	852	1,487	2,175	3,236	1,009	10,387	1,248	2,471	3,719	14,106
Postage and mailing	492	205	358	523	719	243	2,540	210	594	804	3,344
Event catering and presentation	1,447	31,678	3,225	1,934	37,605	992	76,881	1,146	202,748	203,894	280,775
Travel and related expenses	428	15	111	37	1,695	17	2,303	22	86	108	2,411
Dues and subscriptions	412	216	376	550	756	255	2,565	326	625	951	3,516
Printing and copying	72	38	66	97	583	45	901	57	110	167	1,068
Workshops, meetings and conferences	11,163	-	4,996	-	57,448	20,291	93,898	-	-	-	93,898
Equipment rental, repairs and maintenance	588	308	537	786	1,080	365	3,664	465	893	1,358	5,022
Bad debt	-	-	-	-	-	-	-	15,000	-	15,000	15,000
Advertising	12	6	11	15	21	7	72	9	18	27	99
Insurance	2,626	1,375	2,399	3,509	4,821	1,628	16,358	2,079	3,987	6,066	22,424
Staff development and training	7	4	6	9	438	4	468	6	1,051	1,057	1,525
Interest	338	177	309	452	620	209	2,105	267	513	780	2,885
Bank and merchant fees	735	735	672	983	1,350	456	4,931	683	1,116	1,799	6,730
	172,362	140,381	223,373	217,034	551,288	144,300	1,448,738	185,935	497,800	683,735	2,132,473
Less expenses of direct benefit to donors	-	-	-	-	-	-	-	-	(240,191)	(240,191)	(240,191)
Total Expenses Before Depreciation and Amortization	172,362	140,381	223,373	217,034	551,288	144,300	1,448,738	185,935	257,609	443,544	1,892,282
Depreciation and amortization	4,199	2,198	3,837	5,612	7,710	2,604	26,160	3,324	6,377	9,701	35,861
Total Expenses	\$ 176,561	\$ 142,579	\$ 227,210	\$ 222,646	\$ 558,998	\$ 146,904	\$ 1,474,898	\$ 189,259	\$ 263,986	\$ 453,245	\$ 1,928,143

Partnership for After School Education, Inc.

Statements of Cash Flows

	Year Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (165,859)	\$ (312,639)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	24,547	35,861
Bad debt	4,795	15,000
Amortization of deferred rent	(16,592)	(16,591)
Change in operating assets and liabilities		
Grants and accounts receivable	29,901	164,441
Prepaid expenses and other assets	(4,985)	33,502
Accounts payable and accrued expenses	70,135	(7,199)
Refundable advances	(3,176)	(3,699)
Net Cash from Operating Activities	(61,234)	(91,324)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(9,739)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds - PPP	134,770	-
Payments on capital lease obligation	(20,765)	(27,040)
Net Cash from Financing Activities	114,005	(27,040)
Net Change in Cash and Cash Equivalents	43,032	(118,364)
CASH AND CASH EQUIVALENTS		
Beginning of year	332,053	450,417
End of year	\$ 375,085	\$ 332,053
NON CASH INVESTING AND FINANCING ACTIVITY		
Acquired equipment through capital lease	\$ -	\$ 108,966
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	3,192	2,885

See notes to the financial statements

Partnership for After School Education, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

1. Organization and Tax Status

Partnership for After School Education, Inc. (“PASE”) is a child-focused organization that promotes and supports quality after school programs, particularly those serving young people from underserved communities.

PASE accomplishes this mission by building the capacity of individual afterschool staff, youth-serving organizations, and the field as a whole, all with the goal of increasing the availability of quality services to youth during out of school time. PASE is the only organization connecting the more than 1,600 organizations that serve New York City’s youth during out of school time.

PASE is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Change in Accounting Principle

Effective July 1, 2019, PASE adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (“ASU 2014-09”).

ASU 2014-09 provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes the most current revenue recognition guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgements made by entities when following this framework.

PASE adopted ASU 2014-09 on a prospective basis and has determined there to be no material impact on its financial statements.

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (“ASU 2018-08”).

Partnership for After School Education, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Change in Accounting Principle (continued)

ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange or as contribution (nonreciprocal) transactions. Exchange transactions are reciprocal transfers in which each party receives and sacrifices approximately commensurate value. In a contribution transaction, the resource provider often receives value indirectly by providing a societal benefit, although the benefit is not considered to be commensurate value.

ASU 2018-08 is effective for fiscal years beginning after December 15, 2018. PASE adopted ASU 2018-08 on a prospective basis and has determined there to be no material impact to its financial statements.

Net Asset Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of PASE and changes therein are classified as without donor restrictions or with donor restrictions. Net assets without donor restrictions provide support for PASE's general operations. Net assets with donor restrictions consist of gifts and grants received that are subject to donor imposed restrictions for certain purposes or are time restricted and may include net assets to be held in perpetuity. At June 30, 2020 and 2019, PASE had no net assets to be held in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, when restrictions on donor-restricted contributions are met in the same accounting period in which they are received, such amounts are reported as net assets without donor restrictions.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include highly liquid investments with a maturity of three months or less at the time of purchase.

Receivables

Contributions and grants are recognized as revenue when an unconditional promise to give is made. Receivables reflected in the financial statements are continually evaluated by management for collectability. Management has concluded that all receivables at June 30, 2020 and 2019 are collectible.

Partnership for After School Education, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Property and Equipment

Purchases of property and equipment with a cost of \$500 or more and useful lives of more than one year are stated at cost and depreciated using the straight-line method over their estimated useful lives, which range from 3 to 10 years. Gain or loss from disposition is reflected in the statements of activities in the period of disposition. The cost of maintenance and repairs is charged to expense as incurred, whereas significant renewals and betterments are capitalized. Leasehold improvements are amortized over the shorter of the term of the lease, inclusive of all renewal periods which are reasonably assured, or the estimated useful life of the asset.

Refundable Advances

PASE receives deposits for special events to be held at a future date. Revenue from special events is recognized when the event takes place.

Contributions of Goods and Services

Contributions are recognized as support upon the receipt of an unconditional pledge or of cash or other assets. Contributions are considered available for use without restriction, unless the donor restricts the use thereof.

Donated goods consist of items received by PASE and awarded as prizes during the auctions held in relation to special events. These goods are recognized as both support and expense at their estimated fair values at the date of receipt.

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such skills.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$579 and \$99.

Functional Allocation of Expense

The costs of providing PASE's services have been summarized on a functional basis in the statements of activities and functional expenses. Program expenses include College Prep and Success, Leadership Development and STEM, PASEsetter, Summer Learning, and Principles and Practice, Youth Outcome and Global Learning. Supporting services include Administrative and General and Fundraising. Expenses reported by functional categories include allocation of costs for operations and depreciation and amortization expense. PASE allocates costs among the program and supporting functions based on staff time allocations.

Partnership for After School Education, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

2. Summary of Significant Accounting Policies *(continued)*

Accounting for Uncertainty in Income Taxes

PASE recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that PASE had no uncertain tax positions that would require financial statement recognition or disclosure. PASE is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to fiscal year 2017.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 12, 2020

3. Concentration of Credit Risk

Financial instruments that potentially subject PASE to concentrations of credit risk consist principally of cash and cash equivalents and grants and accounts receivable. PASE invests its cash and cash equivalents with quality financial institutions and throughout the year balances in such institutions may exceed the Federal insured limits. Grants and accounts receivable are expected to be collected in the normal course of business.

4. Related Party Transactions

For the years ended June 30, 2020 and 2019, approximately 14% and 15% of total grants and contributions were donated by a single board member.

5. Property and Equipment

Property and equipment at June 30 consist of the following:

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 108,107	\$ 108,107
Leased equipment	108,966	108,966
Leasehold improvements	56,005	56,005
Website	34,125	34,125
Computer and software	<u>165,724</u>	<u>155,985</u>
	472,927	463,188
Accumulated amortization of leased equipment	(39,954)	(18,161)
Accumulated depreciation and amortization	<u>(353,988)</u>	<u>(351,234)</u>
	<u>\$ 78,985</u>	<u>\$ 93,793</u>

Partnership for After School Education, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

6. Loan Payable – PPP

On May 7, 2020, PASE received loan proceeds in the amount of \$134,770 under the Paycheck Protection Program (“PPP Loan”). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period.

The unforgiven portion of the PPP Loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. PASE intends to use the entire PPP Loan amount for qualifying expenses. Under the terms of the PPP Loan, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

The approximate annual maturity of the PPP Loan over the next two years are payable as follows (provided the PPP Loan is not forgiven) for the fiscal years ending June 30:

2021	\$ 59,346
2022	<u>75,424</u>
	<u>\$ 134,770</u>

7. Liquidity and Availability of Financial Assets

PASE’s financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follows:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 375,085	\$ 332,053
Grants and accounts receivable	<u>162,866</u>	<u>197,562</u>
Total financial assets	537,951	529,615
Less contractual or donor imposed restricted amounts:		
Restricted by donor with time or purpose restrictions	<u>(382,929)</u>	<u>(190,000)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 155,022</u>	<u>\$ 339,615</u>

Partnership for After School Education, Inc.

Notes to Financial Statements
June 30, 2020 and 2019

7. Liquidity and Availability of Financial Assets (continued)

PASE's working capital and cash flows are driven by contributions and grant revenue. In addition, PASE holds special events throughout the year to provide additional contribution revenue and further their purpose which includes the PASEsetter Awards Benefit held annually. PASE subleases a portion of their office space to another organization and receives monthly rent payments. Grants and accounts receivable are expected to be collected within one year. PASE structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are available for the following purposes:

	2020	2019
Capacity Building - STEM	\$ 90,000	\$ 85,000
Professional Development	105,000	35,000
Summer Learning	50,000	-
College Prep and Success	50,000	-
Fiscal Sponsorship	32,929	-
Equipment	5,000	-
General Support - Time Restricted	50,000	70,000
	<u>\$ 382,929</u>	<u>\$ 190,000</u>

Amounts released from restrictions during the years ended June 30 were for the following purposes:

	2020	2019
Capacity Building - STEM	\$ 85,000	\$ 95,000
Professional Development	35,000	160,000
Leadership	-	100,000
Summer Learning	-	50,000
Janet Kelly Lecture Series	-	683
General Support - Time Restricted	65,000	55,000
	<u>\$ 185,000</u>	<u>\$ 460,683</u>

Partnership for After School Education, Inc.

Notes to Financial Statements
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9. Lease Commitments

Operating Leases

PASE leases its premises under an operating lease expiring on April 30, 2022. As of June 30, 2020, future payments on operating leases are as follows:

2021	\$ 376,065
2022	<u>313,388</u>
	<u>\$ 689,453</u>

PASE subleases a portion of its office space to two tenants. One sublease is cancelable and expired on July 31, 2020 and transitioned to month to month thereafter, while the other sublease is month to month. As of June 30, 2020, future payments to be received on subleases are \$10,000 in the year ending June 30, 2021.

Capital Leases

PASE has entered into two capital lease agreements for office equipment which end during fiscal year 2024. The present value of the obligations to the lessors has been recorded as a liability. The cost of leased equipment at June 30, 2020 and 2019 is \$108,966. This equipment is being amortized on the straight-line method over the lease period. The monthly installments on the equipment lease are \$1,995 as of June 30, 2020. The interest rate is 3.76% for the year ended June 30, 2020. Interest expense on this equipment for the year ended June 30, 2020 and 2019 was \$3,175 and \$2,885.

Future minimum payments are as follows:

	<u>Equipment</u>
2021	\$ 23,940
2022	23,940
2023	23,940
2024	<u>5,985</u>
Total	77,805
Less amount representing interest	<u>(4,674)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 73,131</u>

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10. Fiscal Sponsorship

On September 1, 2019, PASE entered into a fiscal sponsorship agreement with Women's Leadership Council ("WLC"), a collective of women who lead a breadth of NYC-based nonprofits organizations, including many youth development organizations and afterschool programs. PASE accepts tax-deductible donations on behalf of WLC and administers the expenditures for designated tax-exempt charitable purposes. PASE's fiscal sponsorship of WLC is a temporary arrangement, during which time WLC is expected to work towards obtaining their own 501(c)(3) designation. For this reason, the fiscal sponsorship agreement has a term of one year. If at the end of the sponsorship period WLC has failed to become a 501(c)(3), the agreement may be renewed upon mutual consent. As of the issuance of the financial statements, the agreement has transitioned to a month to month agreement.

11. Contingencies

PASE receives grants from governmental agencies for its programs which are subject to financial and compliance audits by the funding agencies. The audits of these programs, including for the years ended June 30, 2020 and 2019, have not yet been conducted. PASE does not reflect in its financial statements any adjustments for potential disallowances of expenses since management believes that all expenses incurred for such programs are allowable costs.

12. Pension Plan

PASE sponsors a defined contribution pension plan that covers employees who have completed three months of service. PASE provides a matching contribution of a discretionary amount which is evaluated and revised on a yearly basis. PASE's contribution to the plan for the years ended June 30, 2020 and 2019 totaled \$25,368 and \$9,159.

13. COVID-19

In March 2020, PASE instituted remote programs as a precautionary measure to limit opportunities for the spread of the coronavirus. The closure of in-person programs had no impact on the 2020 financial statements, but will likely adversely affect PASE's financial position and operating results in fiscal year ending June 30, 2021. If the outbreak continues and conditions worsen, PASE may experience a disruption in operations as well as a decline in future contributions and the possibility of re-evaluating the collectability of its current receivable balances. The outbreak is likely to adversely affect PASE on an interim basis and cannot be reasonably estimated at this time.

The full duration and extent of the COVID-19 pandemic, related business and travel restrictions and changes to behavior intended to reduce its spread are uncertain as of the date of these financial statements were available for issuance, as the pandemic continues to evolve globally. Therefore, the full extent of any adverse impact on the results of operations, financial position, and cash flows in fiscal year ending June 30, 2021 cannot be reasonably estimated at this time.

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