

**One Bright Ray, Inc.**  
**Financial Statements**  
**And**  
**Independent Auditor's Report**  
**Year Ended June 30, 2021**

# One Bright Ray, Inc.

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## **Independent Auditor's Report**

Board of Directors  
One Bright Ray, Inc.  
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of One Bright Ray, Inc. (a nonprofit organization), 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**

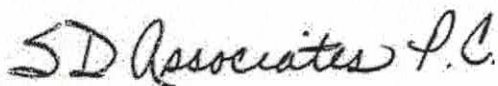
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 One Bright Ray, Inc. as of June 30, 2021 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.



Elkins Park, Pennsylvania  
November 18, 2021

**One Bright Ray, Inc.**  
**Statement of Financial Position**  
**June 30, 2021**

**Assets**

Current Assets	\$ 1,958,878
Cash and cash equivalents	2,037,712
Assets whose use is limited	1,834,797
Accounts receivable from School District of Philadelphia	34,160
Accounts receivable, other	94,345
Prepaid expenses	
Total current assets	5,959,892
Property and equipment, net	11,607,391
Deferred rental income	553,823
Total Assets	\$ 18,121,106

**Liabilities**

Current Liabilities	\$ 198,674
Bond payable, current portion	397,935
Accounts payable and accrued expenses	
Total current liabilities	596,609
Bond payable, long-term portion	17,188,458
Total Liabilities	17,785,067
Net Assets	336,039
Without donor restrictions	
Total Liabilities and Net Assets	\$ 18,121,106

See accompanying notes to financial statements.

**One Bright Ray, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2021**

**Changes in Net Assets Without Donor Restrictions**

**Revenues**

Program revenues	\$ 10,517,141
Program fees	1,014,847
Rental income	
General revenues	5,046
Student activity fees	328
Interest income	
<b>Total revenues</b>	<b>11,537,362</b>

**Expenses**

Program services	10,984,656
Support services	
Management and general	391,601
<b>Total expenses</b>	<b>11,376,257</b>

**Increase in Net Assets Without Donor Restrictions** 161,105

**Net Assets, beginning of year** 174,934

**Net Assets, end of year** **\$ 336,039**

See accompanying notes to financial statements.

**One Bright Ray, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Services	Support Services Management and General	Total
Advertising	\$ -	\$ 8,951	\$ 8,951
Amortization-financing costs	141,325	-	141,325
Bank charges	-	4,156	4,156
Depreciation and amortization	848,933	-	848,933
Dues and subscriptions	-	5,054	5,054
Employee benefits	969,205	-	969,205
Equipment lease	235,315	62,402	297,717
Insurance	116,801	-	116,801
Interest	964,044	-	964,044
Miscellaneous	-	8,948	8,948
Payroll	6,352,188	-	6,352,188
Payroll taxes	525,932	-	525,932
Postage and delivery costs	-	6,618	6,618
Printing and reproduction	-	1,550	1,550
Professional fees	245,335	-	245,335
Program costs and supplies	215,994	-	215,994
Rent and occupancy	369,584	-	369,584
School district fee	-	211,000	211,000
Telephone and internet charges	-	72,104	72,104
Travel costs	-	803	803
Vehicle expense	-	10,015	10,015
	\$ 10,984,656	\$ 391,601	\$ 11,376,257

See accompanying notes to financial statements.



**One Bright Ray, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2021**

<b>Cash Flows From Operating Activities</b>	\$ 161,105
Increase in net assets	
Adjustment to reconcile increase in net assets to net cash provided	
by operating activities:	141,325
Amortization-financing costs	(14,458)
Deferred rental income	848,933
Depreciation and amortization	
Increase (decrease) in current assets and liabilities	(42,295)
Accounts receivable from School District of Philadelphia	43,220
Accounts receivable, other	(87,553)
Prepaid expenses	29,936
Accounts payable and accrued expenses	
Net cash provided by operating activities	1,080,213
<b>Cash Flows From Investing Activities</b>	944,035
Assets whose use is limited	(799,976)
Purchases of property and equipment	
Net provided by investing activities	144,059
<b>Cash Flows From Financing Activities</b>	(220,000)
Principal payments on bond payable	
Net cash used in financing activities	(220,000)
Net increase in cash and cash equivalents	1,004,272
Cash and cash equivalents, beginning of year	954,606
Cash and cash equivalents, end of year	\$ 1,958,878
<b>Supplemental Disclosure of Cash Flow Information</b>	\$ 964,044
Interest paid	

See accompanying notes to financial statements.

# One Bright Ray, Inc.

## Notes to Financial Statements

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### Note 1 Nature of Activities

One Bright Ray, Inc., (the Organization) leases a facility to a charter school and provides educational support services to four contract schools in the Philadelphia area. The Organization leases its building to Community Academy of Philadelphia (CAP). The Organization contracts with the School District of Philadelphia to operate One Bright Ray Community High School Simpson Campus, One Bright Ray Community High School Fairhill Campus, One Bright Ray Community High School Elmwood Campus and One Bright Ray Community High School Mansion Campus, which provide high-risk and at-risk youth, between the ages of 16-21, from the inner city of Philadelphia, with a second chance of obtaining a high school diploma.

### Note 2 Summary of Significant Accounting Policies

#### Basis of Accounting

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

#### Basis of Presentation

##### Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the Statement of Financial Position and the amounts of change in each of those classes of net assets be displayed in the Statement of Activities.

In accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions- net assets available for general use to support operations. The only limits on the use of net assets without donor restrictions are broad limits resulting from the nature of the Organization, the environment in which it operates, and the purpose specified in its corporate documents.

Net assets with donor restrictions- net assets subject to donor restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There are no donor restrictions as of June 30, 2021.

Income from investment gains and losses, including unrealized gains and losses, dividends and interest, are reported as increases (or decreases) in net assets without donor restrictions unless the use of the income received is limited by donor imposed restrictions.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 estimates.



# One Bright Ray, Inc.

## Notes to Financial Statements

### Note 2 Summary of Significant Accounting Policies (Continued)

#### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Service (IRS) Code. The Organization adopted the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The Organization files a Return of Organizations Exempt from Income Tax annually. The Organization's returns for 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

#### Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash equivalents whose use is limited are not considered cash and cash equivalents, for purposes of the Statement of Cash Flows (Note 4). At June 30, 2021, cash and cash equivalents included \$1,958,878 of which \$250,000 was insured by the Federal Deposit Insurance Corporation.

#### Custodial Credit Risk-Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Organization's uninsured deposits may not be returned. The Organization does not have a policy for custodial credit risk.

#### Revenue Recognition

Revenue has been recognized based on rental income earned per the lease agreements, contracts for services provided and grant contracts which are received primarily from the School District of Philadelphia. The Organization provides an allowance for bad debts if collectability appears uncertain. At June 30, 2021 an allowance was not warranted.

#### Financing Costs

Financing costs consisting of original issue discount, costs of issuance, underwriter's discount and other related financing costs are presented in the Statement of Financial Position as a direct reduction from the carrying amount of bonds payable, consistent with the presentation of debt discounts. The costs are amortized on a straight-line basis over the life of the related bonds.

#### Property and Equipment

Property and equipment are stated at cost. Expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation and amortization are removed from the accounts and resulting gains or losses are included in the change in unrestricted net assets. Depreciation and amortization are provided by the straight-line method over the estimated useful lives of the assets.

The useful lives are as follows:

Buildings	30 years
Improvements	30 years
Vehicles	5 years
Furniture & equipment	5 -7 years

# One Bright Ray, Inc.

## Notes to Financial Statements

### Note 2 Summary of Significant Accounting Policies (Continued)

#### Long Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. An impairment loss would be recognized when estimated undiscounted cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount and fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less the cost to sell. At June 30, 2021 management determined that no impairment was necessary.

#### Advertising Costs

All costs associated with advertising and promotions are recorded as expenditures in the year incurred.

#### Deferred Rental Income

Rental income is being recognized on a straight-line basis over the life of the lease. The difference between rental income recognized and rents received, as stipulated in the lease, is reflected as "Deferred rental income" on the Statement of Financial Position.

#### Recently Adopted Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, "Revenue from Contracts with Customers" (Topic 606). ASU 2014-09 contains a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The guidance in ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets unless those contracts are within the scope of other standards. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of 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 pronouncement allows either a full or modified retrospective method of adoption. The standard became effective for the Organization on July 1, 2020 and the Organization elected the modified retrospective approach of adoption, which requires a cumulative adjustment as of the date of the adoption, if applicable. The Organization did not have to record any such cumulative adjustment in connection with the adoption of the new pronouncement. The Organization's revenue is service related and there are no long-term contracts associated for their services as they are renewed annually. The Organization determined that ASU 2014-09 did not have any impact on the process for, timing of, presentation, and disclosure of revenue recognition.

### Note 3 Liquidity and Availability of Resources

The Organization's financial assets available for use within one year of the Statement of Financial Position date for general expenditures consist of the following as of June 30, 2021:

Cash and cash equivalents	\$ 1,958,878
Assets whose use is limited	2,037,712
Accounts receivable	1,868,957
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,865,547</u>



# One Bright Ray, Inc.

## Notes to Financial Statements

### Note 3 Liquidity and Availability of Resources (Continued)

The Organization's financial assets are all unrestricted. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements in short term investments.

### Note 4 Assets Whose Use Is Limited and Fair Value Measurements

In accordance with the terms of bond agreements, the Organization has established funds that are segregated for specific use and for security of the bondholders and are maintained by US Bank, an independent trustee (the Trustee) (Note 6). The funds are maintained in First American Government Obligation Funds, which are cash equivalents. These funds are presented as "Assets whose use is limited" in the accompanying Statement of Financial Position. The following is the composition of those funds as of June 30, 2021:

#### Philadelphia Authority for Industrial Development Revenue Bonds

Project Fund	\$ 462,781
Debt Service Reserve Fund	1,186,975
Repair & Replacement Fund	250,000
Revenue Fund	39,221
Bond Principal Fund	19,171
Bond Interest Fund	79,564
	<hr/>
	\$ 2,037,712

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following are descriptions of the valuation methodologies used for assets measurement at fair value. There have been no changes in the methodologies used at June 30, 2021. The Organization may or may not have all of the following investments at June 30, 2021.

Common stock, corporate bonds and US government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

# One Bright Ray, Inc.

## Notes to Financial Statements

### Note 4 Assets Whose Use Is Limited and Fair Value Measurements (Continued)

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year end.

Guaranteed investment contract: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions result in a different fair value measurement at the reporting date.

The following are the fair values of Assets Whose Use is Limited at June 30, 2021:

	Cost	Fair value	Unrealized Gain
Cash and cash equivalents	\$ 2,037,712	\$ 2,037,712	\$ -

### Note 5 Property and Equipment

Property and equipment include the following at June 30, 2021:

Buildings and improvements	\$ 16,531,216
Leasehold improvements	4,473,600
Vehicles	86,882
Furniture and equipment	1,447,195
Website and software	48,181
	22,587,074
Less: accumulated depreciation and amortization	10,979,683
	\$ 11,607,391

Depreciation expense was \$848,933 for the year ended June 30, 2021.

### Note 6 Bonds Payable

On October 1, 2018, the Organization refinanced its existing long-term debt and Series 2002B Bonds totaling \$12,680,000 and also received additional proceeds of \$6,385,000. The refinancing provided for the issuance of Philadelphia Authority for Industrial Development Series 2018A Bonds and Series 2018B Bonds of \$18,785,000 and \$280,000, respectively. The additional proceeds of \$6,385,000 were used to create various required reserve funds (Note 4) totaling approximately \$5,600,000 and to pay for financing and accrued interest costs totaling approximately \$785,000. The Series 2018A Bonds are payable to the Trustee over 35 years with interest at 4.5% through June 1, 2029; 5.125% through June 1, 2038; 5.25% through June 1, 2048 and 5.375% through June 1, 2053. The Series 2018B Bonds were also payable to the Trustee over 3 years with interest at 5.875% and were repaid during the year.

The Organization had pledged to provide annual revenues principally, but not limited to, the collections from CAP, a related party as disclosed in Note 8, 9 and 10 to the financial statements, pursuant to the leases. The bond agreements require that the Organization and CAP maintained a debt service coverage ratio of 1.10 to 1.0, lease payment coverage ratio of 1.0 to 1.0, at least 45 days cash on hand and other financial covenants. However, failure to maintain these covenants would not be deemed defaults but require a management consultant's report setting forth the reasons for the deficiency and set forth a plan to correct the deficiency. The Organization and CAP have also pledged all rights, title and interest to their assets.



# One Bright Ray, Inc.

## Notes to Financial Statements

### Note 6 Bonds Payable (Continued)

At June 30, 2021 bonds payable consists of the following:

	Bonds Payable	Financing Costs	Net
Series 2018A Bonds	\$18,400,000	\$ (1,012,868)	\$ 17,387,132
Series 2018B Bonds	110,000	(110,000)	-
	18,510,000	(1,122,868)	17,387,132
Less current portion of bonds payable	230,000	(31,326)	198,674
Long-term portion of bonds payable	\$18,280,000	\$ (1,091,542)	\$ 17,188,458

Financing costs of \$1,376,405 are being amortized on a straight-line basis as a component of interest expense over the life of the bonds. Amortization expense was \$141,325 for the year ended June 30, 2021.

The following is a schedule of required bond principal and interest payments which would have been payable/paid as of June 31:

Date	Principal On Series 2018A Bonds	Financing Cost Amortization	Interest on Series 2018A Bonds	Principal On Series 2016B Bonds	Financing Cost Amortization	Interest on Series Bonds	Total Debt Service
2022	230,000	(31,326)	952,631	-	-	-	1,151,305
2023	240,000	(31,326)	942,281	-	-	-	1,150,955
2024	255,000	(31,326)	931,481	-	-	-	1,155,155
2025	265,000	(31,326)	920,006	-	-	-	1,153,680
2026	275,000	(31,326)	908,082	-	-	-	1,151,756
Thereafter	17,135,000	(856,238)	16,037,850	-	-	-	32,316,612
	\$ 18,400,000	\$ (1,012,868)	\$ 20,692,331	\$ -	\$ -	\$ -	\$ 38,079,463

### Note 7 Bank Line of Credit

The Organization maintains a \$500,000 line of credit (the Line) from PNC Bank. Interest is payable at Libor plus 3% and expires July 31, 2022. The Line is subject to the same security and financial covenants as the Series 2018A and 2018B bonds. The entire line was available as of June 30, 2021.

### Note 8 Operating Lease Commitments

#### Related Party Leases

The following lease and sublease agreements were amended on October 1, 2018 in accordance with the terms of the bond issuance:

The Organization leases three facilities to CAP, a related party, which are located at 1100-1140 East Erie Avenue, 1142-1152 East Erie Avenue and 2816-2822 North Fourth Street and are all located in Philadelphia. Gross rental income for these facilities was \$1,184,044 for the year ended June 30, 2021.

CAP subleases the 1142-1152 East Erie Avenue and 2816-2822 North Fourth Street locations to the Organization. The sublease rental expense totaled \$183,655 for the year ended June 30, 2021.



# One Bright Ray, Inc.

## Notes to Financial Statements

### Note 8 Operating Lease Commitments (Continued)

#### Related Party Leases (Continued)

The lease and sublease agreements are for the periods October 1, 2018 through June 1, 2053. In addition to the basic rentals, the Organization charges CAP for additional costs including taxes, occupancy, maintenance costs and other costs incurred by the Organization under its Bond Purchase Agreement. These additional costs are allocated between the Organization and CAP based on the usage of the facilities identified in the lease and sublease agreements.

Net rental income from CAP is \$1,000,389 is being recognized in the financial statements on the straight-line basis, which is \$1,014,847 for the year ended June 30, 2021. The cumulative difference between rent received and rent calculated on the straight-line basis was \$553,823 and is reflected on the Statement of Net Position as "Deferred rental income".

#### Other Operating Leases

The Organization leases a school facility at 6404 Elmwood Avenue in Philadelphia from the School District of Philadelphia. The lease renews annually effective from July 1 to June 30 and is payable at \$7,573 per month with a 3% annual increase. The Organization is charged \$2 per square foot for utilities and is also responsible for all maintenance and occupancy costs. Rent expense was \$90,871 for the year ended June 30, 2021.

The Organization also leases another school facility at 3133 Ridge Avenue in Philadelphia from the School District of Philadelphia. The lease renews annually effective from July 1 to June 30 and is payable at \$8,520 per month with a 3% annual increase. The Organization is responsible for all maintenance and occupancy costs. Rent expense was \$102,243 for the year ended June 30, 2021.

The following is a schedule of future minimum lease payments(receipts) that would have been required as of June 30:

Years ending June 30,	Facilities	Facilities sublease income	Net lease cost
2022	\$ 1,182,631	\$ (183,308)	\$ 999,323
2023	1,182,281	(183,253)	999,028
2024	1,186,481	(183,904)	1,002,577
2025	1,185,006	(183,676)	1,001,330
2026	1,183,081	(181,751)	1,001,330
Thereafter	33,172,851	(5,143,418)	28,029,433
	<u>\$39,092,331</u>	<u>\$ (6,059,310)</u>	<u>\$ 33,033,021</u>

### Note 9 Significant Concentration of Risk

The Organization intends to make payments on the Series 2018A and 2018B Bonds from lease payments received from CAP. CAP's ability to make payments under the lease is largely dependent on its revenues received from the School District of Philadelphia, which is set by the Commonwealth of Pennsylvania. There is no assurance that the amounts set by the Commonwealth may not be decreased. Such a decrease could materially affect the ability of CAP to make rental payments. In addition, CAP's charter agreement with the school district is renewed every five years. There are no assurances that School District's commission or its successors will continue to renew the charter.

**One Bright Ray, Inc.**  
**Notes to Financial Statements**

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**Note 10 Other Related Party Transactions**

In addition to the building lease and debt guarantees (as described in Note 6 and 8), the Organization is related to CAP as certain board members of the Organization are also employees of CAP. CAP also leased equipment to the Organization which is on a month to month basis and was \$235,315 for the year ended June 30, 2021. The following is a summary of the related party activity for the year ended June 30, 2021:

Balance, beginning of year	\$ 83,434
Rental income	1,000,517
Net reimbursements	(971,471)
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Balance, end of year (included in accounts payable and accrued expenses)	\$ 112,480

**Note 11 Defined Contribution Plan**

The Organization sponsors a defined contribution plan (the Plan) covering all employees with at least one year of service who agree to make contributions to the Plan. The Organization matches participants' contributions to the Plan up to 3% of the individual participant's compensation. Total expense for the year ended June 30, 2021 was \$166,679.

**Note 12 Funding**

The Organization receives funding from the School District of Philadelphia on a monthly basis based on enrollment. The rate of funding per student is determined on an annual basis.

The Organization generally receives federal funding for certain federal breakfast and lunch programs. During the year there was no breakfast or lunch programs due to the pandemic and remote learning.

**Note 13 Subsequent Events**

The Organization has evaluated subsequent events through November 18, 2021, the date which the financial statements were available to be issued.