

National Summer Learning Association, Inc.

Financial Statements
and
Independent Auditor's Report

Years Ended June 30, 2021 and 2020

Table of Contents

Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-18

Independent Auditor's Report

To the Board of Directors
National Summer Learning Association, Inc.
Washington, DC

We have audited the accompanying financial statements of National Summer Learning Association, Inc. (NSLA) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to NSLA'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 NSLA'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 National Summer Learning Association, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



SNYDER COHN, PC
North Bethesda, Maryland
November 29, 2021



National Summer Learning Association, Inc.

Statements of Financial Position

June 30	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,717,194	\$ 1,220,546
Contributions, grant and accounts receivable	1,178,688	19,311
Inventory	839	2,110
Prepaid expenses	40,905	43,805
Other current assets	20,000	-
Total current assets	2,957,626	1,285,772
Property and equipment, net	-	4,104
Other assets:		
Security deposits	-	13,984
Total assets	\$ 2,957,626	\$ 1,303,860
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 146,677	\$ 124,277
Deferred revenue	950	475
Promissory note payable - related party, current portion	-	28,593
Deferred rent, current portion	-	4,981
Total current liabilities	147,627	158,326
Other liabilities:		
Paycheck Protection Program loans	275,300	159,700
Total liabilities	422,927	318,026
Commitments		
Net assets:		
Without donor restrictions		
Undesignated	274,250	489,652
Board designated	90,000	90,000
Total without donor restrictions	364,250	579,652
With donor restrictions	2,170,449	406,182
Total net assets	2,534,699	985,834
Total liabilities and net assets	\$ 2,957,626	\$ 1,303,860

See Accompanying Notes

National Summer Learning Association, Inc.

Statement of Activities

For the year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and grants	\$ 522,978	\$ 2,734,557	\$ 3,257,535
Program fees	107,742	-	107,742
Conference revenue	42,200	-	42,200
Sponsorships and partnerships	21,200	-	21,200
Other income	85	-	85
Net assets released from restrictions	970,290	(970,290)	-
Total support and revenues	<u>1,664,495</u>	<u>1,764,267</u>	<u>3,428,762</u>
Expenses:			
Program	1,501,118	-	1,501,118
Management and general	238,987	-	238,987
Fundraising	138,403	-	138,403
Total expenses	<u>1,878,508</u>	<u>-</u>	<u>1,878,508</u>
Change in net assets from operating activities	(214,013)	1,764,267	1,550,254
Non-operating activities:			
Loss on disposal	(1,389)	-	(1,389)
Change in net assets	(215,402)	1,764,267	1,548,865
Net assets - beginning	579,652	406,182	985,834
Net assets - ending	<u>\$ 364,250</u>	<u>\$ 2,170,449</u>	<u>\$ 2,534,699</u>

See Accompanying Notes

National Summer Learning Association, Inc.

Statement of Activities

For the year ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions and grants	\$ 982,003	\$ 550,000	\$ 1,532,003
Program fees	112,883	-	112,883
Conference revenue	238,804	-	238,804
Sponsorships and partnerships	27,000	-	27,000
Other income	2,031	-	2,031
Net assets released from restrictions	1,197,516	(1,197,516)	-
Total support and revenues	<u>2,560,237</u>	<u>(647,516)</u>	<u>1,912,721</u>
Expenses:			
Program	1,484,769	-	1,484,769
Management and general	226,297	-	226,297
Fundraising	171,104	-	171,104
Total expenses	<u>1,882,170</u>	<u>-</u>	<u>1,882,170</u>
Change in net assets from operating activities	678,067	(647,516)	30,551
Non-operating activities:			
Loss on disposal	-	-	-
Change in net assets	678,067	(647,516)	30,551
Net assets - beginning	<u>(98,415)</u>	<u>1,053,698</u>	<u>955,283</u>
Net assets - ending	<u>\$ 579,652</u>	<u>\$ 406,182</u>	<u>\$ 985,834</u>

See Accompanying Notes

National Summer Learning Association, Inc.

Statement of Functional Expenses

For the year ended June 30, 2021

	Program	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 536,028	\$ 72,042	\$ 69,634	\$ 677,704
Employee benefits and taxes	78,740	10,583	10,229	99,552
Total payroll and related expenditures	614,768	82,625	79,863	777,256
Subgrants	120,000	-	-	120,000
Professional fees	108,011	140,163	10,887	259,061
Office expense	46,865	5,284	5,030	57,179
Program activities	525,113	902	15,872	541,887
Community and partnership	1,751	-	-	1,751
Fundraising event	1,961	186	179	2,326
Travel	37,286	4,503	4,352	46,141
Telephone and information technology	-	-	17,408	17,408
Occupancy costs	21,385	2,874	2,778	27,037
Equipment rental and maintenance	8,448	492	476	9,416
Interest	-	346	-	346
Other expenses	13,383	1,323	1,279	15,985
Total expenses before depreciation	1,498,971	238,698	138,124	1,875,793
Depreciation and amortization	2,147	289	279	2,715
Total functional expenses	\$ 1,501,118	\$ 238,987	\$ 138,403	\$ 1,878,508

See Accompanying Notes

National Summer Learning Association, Inc.

Statement of Functional Expenses

For the year ended June 30, 2020

	Program	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 611,115	\$ 89,472	\$ 87,803	\$ 788,390
Employee benefits and taxes	116,534	17,062	16,743	150,339
Total payroll and related expenditures	<u>727,649</u>	<u>106,534</u>	<u>104,546</u>	<u>938,729</u>
Subgrants	40,000	-	-	40,000
Professional fees	56,589	67,651	5,257	129,497
Office expense	63,138	4,664	4,270	72,072
Program activities	475,625	30,265	29,467	535,357
Community and partnership	4,153	9	9	4,171
Fundraising event	877	-	11,821	12,698
Travel	18,194	1,049	1,091	20,334
Telephone and information technology	35,926	5,260	5,162	46,348
Occupancy costs	36,052	7,028	6,897	49,977
Equipment rental and maintenance	14,545	1,222	1,199	16,966
Interest	-	1,206	-	1,206
Other expenses	5,518	457	451	6,426
Total expenses before depreciation	<u>1,478,266</u>	<u>225,345</u>	<u>170,170</u>	<u>1,873,781</u>
Depreciation and amortization	<u>6,503</u>	<u>952</u>	<u>934</u>	<u>8,389</u>
Total functional expenses	<u><u>\$ 1,484,769</u></u>	<u><u>\$ 226,297</u></u>	<u><u>\$ 171,104</u></u>	<u><u>\$ 1,882,170</u></u>

See Accompanying Notes

National Summer Learning Association, Inc.

Statements of Cash Flows

For the years ended June 30	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 1,548,865	\$ 30,551
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,715	8,389
Loss on disposal of assets	1,389	-
(Increase) decrease in:		
Contributions, grant and accounts receivable	(1,159,377)	549,024
Inventory	1,271	3,344
Prepaid expenses	2,900	(37,064)
Other current assets	(20,000)	-
Deposits	13,984	-
Increase (decrease) in:		
Accounts payable and accrued expenses	22,400	1,691
Deferred revenue	475	(46,607)
Deferred rent	(4,981)	(11,953)
Net cash provided by operating activities	409,641	497,375
Cash flows from financing activities:		
Payments made on notes payable	(28,593)	(14,271)
Proceeds from Paycheck Protection Program loans	115,600	159,700
Net cash provided by financing activities	87,007	145,429
Net increase in cash and cash equivalents	496,648	642,804
Cash and cash equivalents - beginning	1,220,546	577,742
Cash and cash equivalents - ending	\$ 1,717,194	\$ 1,220,546

Supplemental disclosure of cash flow information:

Cash paid during the year for:		
Interest	\$ 2,177	\$ -

See Accompanying Notes

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Summary of significant accounting policies:

National Summer Learning Association, Inc. (NSLA) is a 501(c)(3) tax exempt, nonprofit organization based in Washington, DC. NSLA is dedicated to connecting and equipping schools, providers, communities, and families to deliver high quality summer learning opportunities to our nation's youth to help close the achievement gap and support healthy development.

NSLA serves as a network hub for thousands of summer learning program providers and stakeholders across the country providing tools, resources, and expertise to improve program quality, generate support, and increase youth access and participation. NSLA offers professional development, quality assessment and evaluation, best practices dissemination and collaboration, and strategic consulting to states, school districts, community organizations, and funders.

The mission of NSLA is to convince, connect, and equip providers, education leaders, families, and communities to deliver high quality summer learning opportunities to our nation's children and youth. NSLA is the only national nonprofit exclusively focused on closing the achievement gap by increasing access to high quality summer learning opportunities. NSLA recognizes and disseminates what works, offers expertise and support for programs and communities, and advocates for summer learning as a solution for equity and excellence in education. NSLA's work is driven by the belief that all children and youth deserve high quality summer learning experiences that will help them succeed in college, career, and life.

Basis of accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Accordingly, revenue is recognized when earned and expenses when the obligation is incurred.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, 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.

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

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Summary of significant accounting policies: (continued)

Net assets (continued) -

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. As reflected in the accompanying statements of financial position, NSLA's Boards of Directors have designated a portion of the net assets without donor restrictions for specific uses.

Net assets with donor restrictions - Amounts that are specifically restricted by donors for various purposes or future time periods. NSLA reports grants and contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the statements of activities as net assets released from restrictions.

Cash and cash equivalents - Cash and cash equivalents consist of short-term, highly liquid investments with maturities of three months or less at the date of their acquisition.

Accounts receivable - Accounts receivable are stated at their net realizable value. NSLA records receivables net of an allowance for doubtful accounts when necessary. The allowance is determined based on review of the estimated collectability of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be worthless. As of June 30, 2021 and 2020, management considers all receivables to be fully collectible; therefore, no allowance for doubtful accounts has been established.

Contributions receivable - Contributions receivable consist of unconditional promises to give that are expected to be collected within one year and are recorded at their net realizable value. Conditional promises to give are not included as support until the conditions are substantially met. Management considers all promises to give to be fully collectible; therefore, no allowance for doubtful accounts has been established.

Inventory - Inventories are stated at average cost and consist primarily of instructional materials used in the programs of NSLA.

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Summary of significant accounting policies: (continued)

Property and equipment - Property and equipment are capitalized at cost, if purchased, or at estimated fair value on the date of a gift, if donated. Acquisitions of property and equipment with a cost of \$1,000 or more are capitalized as incurred. Property and equipment are depreciated using the straight-line method based on their respective estimated useful lives ranging from three to seven years. Repairs and maintenance to existing facilities are expensed as incurred. Website development costs included in property and equipment are capitalized in accordance with *FASB ASC 350-50 (Website Development Costs)*. Under FASB ASC 350-50, costs incurred during the planning stage are expensed, while costs related to software used to operate a website or for developing initial graphics are capitalized. Website development costs are amortized using the straight-line method over an estimated life of three years.

Deferred revenue - Deferred revenue represents amounts received, but unearned, for future periods. Revenue is recognized as each event is held or when program service work is performed.

Risks and uncertainties - In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact NSLA's operating results, but the related financial impact is unknown at this time.

Fair value measurements - The 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 prioritizes 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the 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:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Summary of significant accounting policies: (continued)

Fair value measurements (continued) -

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of 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.

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 management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Concentration of credit risk - NSLA maintains its cash balances at one financial institution. The accounts at this institution are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At various times throughout the year, cash balances at this institution exceeded the federally insured limits. NSLA has not experienced any losses with respect to its cash balances.

Revenue recognition - NSLA's revenue recognition policies are as follows:

Promises to give - Unconditional promises to give are recognized as revenue in the period received as assets or as decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions - Contributions are recognized as support without donor restrictions unless their use is specifically restricted by the donor. When a donor restriction expires, the stipulated time restriction ends or the purpose of the restriction is accomplished.

Program fees - Revenue is recognized when programs are performed. The portion of revenues relating to future periods is reported as deferred revenue.

Conference revenue - Revenues associated with these events are recognized when the event occurs. Any amounts received in advance are recorded as deferred revenue.

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Summary of significant accounting policies: (continued)

Revenue recognition (continued) -

Partnerships - Revenue is recognized when services are performed. The portion of revenues relating to future periods is reported as deferred revenue.

Sponsorships - Revenue is recognized as support without donor restrictions unless their use is specifically restricted by the donor. When a donor restriction expires, that is when the stipulated time restriction ends, or the purpose of the restriction is accomplished.

Program Fees - Program and other fees are recognized in the period services are performed in accordance with the terms of the contract or agreement.

Non-cash contributions - A significant number of volunteers donate their time in the furtherance of NSLA's programs and activities. Volunteers perform various administrative, programming, and fundraising functions. However, the value of these services is not recognized in the financial statements unless the donated services received creates or enhances non-financial assets or requires specialized skills that would typically need to be purchased, if not provided by contribution. In addition, in-kind contributions are measured at the fair value of the assets transferred to NSLA to the extent NSLA would have purchased the merchandise.

Paycheck Protection Program (PPP) loans - In May 2020, NSLA received loan proceeds under the Paycheck Protection Program. The proceeds from the PPP were classified as debt on the balance sheet under the *FASB guidance ASC 470-10-45, Simplifying the Classification of Debt in a Classified Balance Sheet*. See Note 9 for more information about the PPP loan.

Change in accounting principle - In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The update establishes a comprehensive revenue recognition standard for virtually all industries under GAAP including those that previously followed industry-specific guidance. The principle of the update is that an entity should recognize revenue to depict the transfer of promised goods and services to customers under a contract in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The guidance in Topic 606 requires comprehensive disclosures to help users of financial statement better understand the nature, amount, timing and uncertainty of revenue that is recognized. NSLA adopted the ASU 2014-09 using the modified retrospective method to all periods presented, which had no impact on current or previously reported change in net assets.

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Summary of significant accounting policies: (continued)

Change in accounting principle (continued) - In accordance with ASU 2014-09, NSLA disaggregates revenue from contracts with customers into major revenue streams and the timing of recognizing revenue. All revenue is recognized at a point in time when the relevant performance obligations have been met.

Recent accounting pronouncements not yet adopted - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which is the leasing standard for both lessees and lessors. Under this update, a lessee will recognize lease assets and liabilities on the statement of financial position for all arrangements with terms longer than 12 months. Lessor accounting remains largely consistent with existing U.S. GAAP. The guidance is effective for NSLA's fiscal year 2023. Management is currently determining the impact that adoption of this guidance will have on the NSLA's financial statements.

Accounting for uncertainty in income taxes - NSLA accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax effect is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for uncertain tax positions. Interest and penalties, if any, are accrued as a component of general and administrative expenses when assessed. NSLA is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Similar to other tax-exempt organizations, NSLA is subject to tax on unrelated business income. Tax years ended prior to June 30, 2018 are no longer subject to examination by taxing authorities.

During the years ended June 30, 2021 and 2020, NSLA did not have net taxable income from unrelated business activities; therefore, there is no provision in these financial statements for income taxes or interest and penalties related to unrecognized tax benefits.

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 2: Liquidity and availability:

The following reflects NSLA's financial assets on June 30, 2021, reduced by amounts that are not available for general use because of donor imposed, board or time restrictions within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 1,717,194	\$ 1,220,546
Grant receivable	995,000	-
Accounts receivable	203,688	19,311
Other receivable	20,000	-
	<u>2,935,882</u>	<u>1,239,857</u>
Less those unavailable for general expenditure within one year, due to:		
Board designations	(90,000)	(90,000)
Amounts designated for future purpose restrictions	<u>(2,120,449)</u>	<u>(406,182)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 725,433</u>	<u>\$ 743,675</u>

As part of its liquidity management plan, NSLA manages its operations within a balanced budget. NSLA receive revenues from pledges and contributions, sponsorship and partnership, and grants and contracts from their donors that provide the resources to support a portion of the operating activity. Excess funds are transferred into the money market account.

Liquidity excludes board designated amounts held per board policy, but these resources could be deployed to support operating activities with board approval. Also, a substantial portion of NSLA's support is donor restricted contributions that require resources to be spent in accordance with donor restrictions. NSLA must maintain sufficient resources to meet these requirements, making these assets unavailable for use to meet general expenditures.

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 3: Property and equipment:

Property and equipment consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Computers and equipment	\$ 5,441	\$ 78,113
Furniture and fixtures	5,200	26,354
Leasehold improvements	-	11,143
Website development	<u>21,000</u>	<u>21,000</u>
	31,641	136,610
Less: accumulated depreciation and amortization	<u>(31,641)</u>	<u>(132,506)</u>
Property and equipment, net	<u>\$ -</u>	<u>\$ 4,104</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was \$2,715, and \$8,389, respectively.

Note 4: Net assets:

Net assets of \$970,290 and \$1,197,516 were released from restrictions during the years ended June 30, 2021 and 2020, respectively, by satisfying purpose restrictions specified by donors on various awards.

Net assets of \$2,120,449 and \$406,182 were subject to support of specific programs as of June 30, 2021 and 2020, respectively. Additionally, \$50,000 and \$-0- were subject to time restrictions for the years ended June 30, 2021 and 2020, respectively.

Note 5: Employee retirement plan:

NSLA maintains a 401(k) defined contribution benefit plan covering substantially all employees. Participating employees may contribute amounts of their annual salary subject to the maximum contributions allowed under the Internal Revenue Code. Additionally, NSLA may also contribute employer provided discretionary amounts on an annual basis. There were \$-0- and \$14,934 of employer contributions made to the plan for the years ended June 30, 2021 and 2020, respectively.

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 6: Commitments:

In December 2012, NSLA entered into an agreement to lease office space. The lease agreement is for 96 months and allows for five months' occupancy with no payments and monthly payments thereafter of \$6,742 with annual escalations beginning December 2013. The lease, in addition to paying rent, required NSLA to pay utilities and other occupancy costs.

In July 2019, NSLA amended their office lease agreement for reduced office space. The amended lease agreement allows for monthly payments of \$4,275 for the month of November 2019 and \$4,402 from December 2019 to November 2020. In FY21 NSLA did not renew their lease and closed their office.

NSLA has several operating lease agreements for office equipment. The rental expenses related to those leases were \$4,535 and \$10,513 for the years ended June 30, 2021 and 2020, respectively.

Total lease expense for the years ended June 30, 2021 and 2020 was \$31,572 and \$60,490, respectively.

Future minimum annual rental commitments under operating leases and non-cancelable lease agreements are as follows for the years ended June 30:

	Office Space	Office Equipment	Total
2022	\$ -	\$ 3,667	\$ 3,667
2023	-	3,667	3,667
2024	-	1,834	1,834
	<u>\$ -</u>	<u>\$ 9,168</u>	<u>\$ 9,168</u>

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 7: Related party transactions:

In 2015, NSLA obtained a \$50,000 promissory note from a board member. The note was interest only for the first three years with principal payments commencing January 1, 2019, with a final maturity date of January 1, 2021. In 2021, the promissory note was paid in full.

The promissory note was unsecured and had interest at a yearly rate of 2.50%. The outstanding balance on the promissory note at June 30, 2021 and 2020 was \$-0- and \$28,593, respectively.

Interest expense accrued to the related party totaled \$-0- and \$1,831 for the years ended June 30, 2021 and 2020, respectively of which NSLA paid \$2,177 and \$-0- for the years ended June 30, 2021 and 2020, respectively.

Note 8: Concentrations:

At June 30, 2021, there were two contributors that made up 81% of the total contributions, grant and accounts receivable balance. Two contributors made up 56% of total revenue for the year ended June 30, 2021. At June 30, 2020, there were no contributors that made up more than 10% of the total contributions, grant and accounts receivable balance. Five contributors made up 73% of total revenue for the year ended June 30, 2020.

Note 9: Debt:

On May 2020, NSLA received loan proceeds in the amount of \$159,700 under the Paycheck Protection Program. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying businesses. The loan and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. This loan was forgiven subsequent to year end.

In January 2021, NSLA was granted a loan in the amount of \$115,600 pursuant to the Paycheck Protection Program (the "PPP") under the Consolidated Appropriations Act, 2021. The loan will mature five years from the date on which SBA assigned the loan number for the loan and bears interest at a rate of 1.00% per annum. Funds from the loan may be used only for payroll and employee benefit costs, interest on mortgage obligations incurred before July 20, 2021, and rent and utility expenses covered under agreements entered into before July 20, 2021. The loan will be forgiven if the funds are used only for qualifying expenses and if the Organization maintains its current level of staff and payroll.

National Summer Learning Association, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Note 9: Debt: (continued)

The unforgiven portion of the loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. NSLA intends to use the proceeds for purposes consistent with the PPP.

Note 10: Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized in the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited using various cost allocation techniques. Programmatic expenses, salaries, taxes and related benefits are allocated based on the estimated percentage of time each employee spends on each program activity. Administrative expenses are applied at the end of the year based on the same management approved allocations as salaries. Occupancy related costs are allocated based on the usage of the space. All other expenses are allocated based on the invoices received for the expense and the specific program/activity that the invoice relates to.

Note 11: Subsequent events:

Subsequent events have been evaluated through November 29, 2021, which is the date the financial statements were available to be issued.

Snyder Cohn, PC
CPAs and Trusted Advisors
11200 Rockville Pike, Suite 415
North Bethesda, MD 20852
www.snydercohn.com
301-652-6700