

LINK UNLIMITED SCHOLARS

FINANCIAL STATEMENTS

**For the Year Ended
June 30, 2021**

**(With summarized comparative
information for June 30, 2020)**

LINK UNLIMITED SCHOLARS

Annual Financial Report

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
LINK Unlimited Scholars
Chicago, IL

We have audited the accompanying financial statements of LINK Unlimited Scholars (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement 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 LINK Unlimited Scholars as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited LINK Unlimited Scholars 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 7, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Desmond & Ahern, Ltd

December 22, 2021
Chicago, IL

LINK UNLIMITED SCHOLARS
STATEMENT OF FINANCIAL POSITION
June 30, 2021 (with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current Assets		
Cash and equivalents	\$ 847,769	\$ 581,166
Investments	72,160	-
Contributions receivable, net	650,692	816,208
Prepaid expenses	8,725	13,233
Total current assets	<u>1,579,346</u>	<u>1,410,607</u>
Property and Equipment		
Land	100,000	100,000
Building	1,625,903	1,625,903
Furniture and equipment	14,335	14,335
Leasehold improvements	69,147	196,734
Total property and equipment	<u>1,809,385</u>	<u>1,936,972</u>
Less accumulated depreciation and amortization	<u>(1,011,710)</u>	<u>(1,058,569)</u>
Net property and equipment	<u>797,675</u>	<u>878,403</u>
Other Assets		
Contributions receivable - long term, net	<u>742,028</u>	<u>508,220</u>
Total Assets	<u><u>3,119,049</u></u>	<u><u>2,797,230</u></u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	53,589	150,932
Accrued expenses	30,000	70,300
Deferred revenue	114,250	-
Refundable advance (Note 12)	-	57,969
Total current liabilities	<u>197,839</u>	<u>279,201</u>
Total Liabilities	<u>197,839</u>	<u>279,201</u>
Net Assets		
Without donor restrictions		
Undesignated	1,360,018	1,274,466
Board designated	205,000	-
With donor restrictions		
Purpose restricted	<u>1,356,192</u>	<u>1,243,563</u>
Total net assets	<u>2,921,210</u>	<u>2,518,029</u>
Total Liabilities and Net Assets	<u><u>\$ 3,119,049</u></u>	<u><u>\$ 2,797,230</u></u>

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

**LINK UNLIMITED SCHOLARS
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021 (with comparative totals for 2020)**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<u>Public Support and Revenue</u>				
Contributions	\$ 1,951,294	\$ 905,000	\$ 2,856,294	\$ 1,862,344
Government grant	57,969	-	57,969	108,118
Interest and dividends	1,776	-	1,776	1,515
Miscellaneous	5,130	-	5,130	300
	<u>2,016,169</u>	<u>905,000</u>	<u>2,921,169</u>	<u>1,972,277</u>
Special Events				
Sponsors	-	-	-	247,150
Contributions	-	-	-	74,550
Ticket sales	-	-	-	44,705
Less cost of direct benefits to donors	-	-	-	(64,506)
Net revenues from special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>301,899</u>
Net assets released from restrictions - satisfaction of program restriction	<u>792,371</u>	<u>(792,371)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,808,540</u>	<u>112,629</u>	<u>2,921,169</u>	<u>2,274,176</u>
<u>Expenses</u>				
Program services	1,637,149	-	1,637,149	1,506,712
Management and general	577,952	-	577,952	419,849
Fundraising	302,887	-	302,887	147,455
Total expenses	<u>2,517,988</u>	<u>-</u>	<u>2,517,988</u>	<u>2,074,016</u>
Change in net assets	290,552	112,629	403,181	200,160
Net assets, beginning of year	<u>1,274,466</u>	<u>1,243,563</u>	<u>2,518,029</u>	<u>2,317,869</u>
Net assets, end of year	<u>\$ 1,565,018</u>	<u>\$ 1,356,192</u>	<u>\$ 2,921,210</u>	<u>\$ 2,518,029</u>

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

LINK UNLIMITED SCHOLARS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021 (with comparative totals for 2020)

	Program Services	Management and General	Fundraising	2021 Total Expense	2020 Total Expense
<u>Functional Expenses</u>					
Salaries	\$ 712,981	\$ 79,945	\$ 60,264	\$ 853,190	\$ 783,109
Payroll taxes and fringe benefits	113,619	10,902	9,574	134,095	106,133
Total salaries, taxes and fringe benefits	826,600	90,847	69,838	987,285	889,242
Tuition	284,163	-	-	284,163	337,140
Program	3,610	-	-	3,610	5,698
Fundraising	-	-	-	-	6,456
Utilities	21,570	3,490	1,672	26,732	31,904
Professional fees	386,604	79,173	197,584	663,361	337,660
Insurance	-	13,455	-	13,455	8,363
Office expense	11,001	1,997	132	13,130	38,724
Bank and credit card fees	-	11,595	-	11,595	11,326
Marketing and promotion	-	-	10,000	10,000	-
Travel and meetings	-	-	-	-	37,804
Equipment and maintenance	26,294	1,102	1,644	29,040	51,060
Staff development	-	-	-	-	1,012
Dues and subscriptions	696	4,185	210	5,091	17,396
Postage and shipping	31	3,065	1,137	4,233	509
Printing and copying	1,961	2,595	6,437	10,993	14,504
Telephone	13,074	5,307	1,812	20,193	16,941
Miscellaneous	-	1,541	53	1,594	9,279
Interest	-	-	-	-	50
Depreciation and amortization	61,545	7,641	12,368	81,554	67,181
Bad debt	-	351,959	-	351,959	191,767
Total other expenses	810,549	487,105	233,049	1,530,703	1,184,774
Total Expenses	\$ 1,637,149	\$ 577,952	\$ 302,887	\$ 2,517,988	\$ 2,074,016

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

**LINK UNLIMITED SCHOLARS
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021 (with comparative totals for 2020)**

	<u>2021</u>	<u>2020</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 403,181	\$ 200,160
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	81,554	67,181
Change in assets - (increase) decrease		
Contributions receivable, net	(68,291)	(489,577)
Prepaid expenses	4,508	(9,059)
Change in liabilities - increase (decrease)		
Accounts payable	(97,343)	56,977
Accrued expenses	(40,300)	(46,072)
Deferred revenue	114,250	-
Refundable advance	(57,969)	57,969
Net cash provided by (used in) operating activities	<u>339,590</u>	<u>(162,421)</u>
<u>Cash Flows from Investing Activities</u>		
Receipts from capital campaign	-	352,000
Purchases of fixed assets	(827)	(44,711)
Purchases of investments	(72,160)	-
Net cash (used in) provided by investing activities	<u>(72,987)</u>	<u>307,289</u>
Net increase in cash and equivalents	266,603	144,868
Cash and equivalents, beginning of year	<u>581,166</u>	<u>436,298</u>
Cash and equivalents, end of year	<u>\$ 847,769</u>	<u>\$ 581,166</u>
<u>Supplemental Disclosure of Non-Cash Information</u>		
Forgiveness of PPP loan recorded as refundable advance	<u>\$ 57,969</u>	<u>\$ 108,118</u>

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

LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization

LINK Unlimited Scholars (“LINK” or the “Organization”) is an Illinois nonprofit charitable corporation established in 1966. LINK is Chicago’s only college and career success organization focused solely on African American youth. LINK has supported more than two-thousand scholars and serves nearly six-hundred high school and collegiate scholars annually, vastly improving their access to success. LINK Unlimited Scholars mission is to connect high potential African American high school students with mentors, resources, and foundational skills required for success as they advance into, through, and beyond college.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with the accounting principles generally accepted in the United States of America (“GAAP”).

Basis of Presentation

As required by the generally accepted accounting principles for Not-for-Profit accounting, the Organization is required to report information regarding its financial position and activities according to two classes:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Such gifts include gifts without restrictions, including restricted gifts whose donor-imposed restrictions were met during the year.

Board designated are funds established by the Board of Directors and represent net assets without donor restrictions which are have been set aside to be used for future expenditures to expand LINK’s mission through the scholars program.

With donor restrictions – Net assets subject to donor-imposed restrictions which will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Income Tax Status

LINK Unlimited Scholars was granted an exemption from federal income tax by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). LINK qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax-exempt purpose of LINK and the nature in which it operates is described above. Management believes LINK operates in compliance with its tax-exempt purpose. Thus, no provision for income tax has been provided for in the financial statements.

LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Income Tax Status (cont.)

LINK has adopted the requirements for accounting for uncertain tax positions and management has determined that LINK was not required to record a liability related to uncertain tax positions as of June 30, 2021.

LINK's annual information and income tax returns filed with the federal and state governments are subject to examination generally for three years after they are filed. All filings are current.

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 the revenues, expenses, gains, losses and other changes in net assets during the year. Actual results could differ from those estimates.

Cash and Equivalents

Cash and cash equivalents consist of deposits in federally and privately insured (Securities Investment Protection Corporation (SIPC) accounts. At times, balances may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

For purposes of the statement of cash flows, LINK considers all highly liquid debt instruments, if any, purchased or donated with an original maturity or anticipated liquidation of three months or less to be cash equivalents. No cash was paid for taxes or interest during the year ended June 30, 2021.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Investment income is reflected in the statement of activities as with or with restrictions based on the existence and nature of any donor restrictions. Investments are presented in Statement of Activities net of investment fees. For the year ended June 30, 2021, no investment fees were paid.

Property and Equipment

Expenditures for land, building, property and equipment, and items which substantially increase the useful lives of existing assets, are capitalized at cost. LINK capitalizes all expenditures and contributions of computers and equipment over \$500. All other assets are capitalized if the value exceeds \$1,000. Any donated property and equipment are recorded at their estimated fair value when received. Depreciation is computed on the straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives ranging from 3 to 25 years.

LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Property and Equipment (cont.)

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with ASC 360, *Accounting for the Impairment or Disposal of Long-Lived Assets*. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause LINK to conclude that impairment indicators exist and that long-lived assets may be impaired.

Support and Revenue

LINK reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

LINK reports gifts of land, buildings, and equipment as net assets without donor restricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, LINK reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending June 30, 2021 no such gifts of land, buildings, or equipment were received.

LINK recognizes contract revenue at an amount that reflects consideration to which the Organization expects to be entitled to in exchange for transferring goods or services to a customer. LINK is not currently engaged in this type of contract, which is based on performance reporting. All contracts recognize revenue in accordance with ASU No. 2014-09 and prior year revenues have been retrospectively adjusted. There was no contract revenue recorded in 2020 for any performance obligations met in the prior year.

For performance reporting contracts, a customer pays the agreed upon amounts after the completion and submission of specified deliverables in the contract. For these contracts, the Organization will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Organization recognizes revenue when the performance obligations are met and delivered to the customer. The Foundation had no contracts during 2020 that were performance reporting contracts. There are no contract assets or liabilities.

LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ending June 30, 2021 LINK did not receive any donated services meeting the above criteria.

However, a number of volunteers, including the Board of Directors, have made significant contributions of time to LINK's programs and support functions, but the value of this contributed time does not meet the above criteria for recognition of contributed services contained per Generally Accepted Accounting Principles.

In-Kind Contributions

In addition to receiving cash contributions, LINK may receive in-kind contributions from various donors. It is the policy of LINK to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase donation revenue by a like amount. During the year ended June 30, 2021 LINK did not record such contributions.

Contributions Receivable

Contributions receivable represent amounts promised by sponsor benefactors reflecting unconditional promises to give for student tuition, net of allowance for doubtful accounts. The allowance is evaluated by management based on existing economic conditions and the historical relationships with the sponsors. Accounts are written off when management deems contributions uncollectible. An allowance for doubtful accounts of \$10,000 was deemed necessary as of June 30, 2021.

Contributions are recorded at fair value and recognized as revenue and receivables in the period in which the pledge is made. LINK will not recognize a conditional promise to receive until the conditions which the promise depends are substantially met.

LINK receives contributions from various sources. Contributions made consist of sponsors, benefactors, individuals, foundations, and corporations that make pledges which are to be paid overtime. Every year, management reviews its outstanding receivables to ensure collectability. When it has been determined that the receivable will not be collected, management recognizes a loss associated with the receivable. For the year ended June 30, 2021, bad debt expense was recorded in the amount of \$351,959.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Functional Allocation of Expenses (cont.)

Directly identifiable expenses are charged to the specific program or supporting service. Expenses related to more than one function are allocated to program expenses and supporting services as the basis of periodic time and expense reviews made by management.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. LINK has evaluated subsequent events through December 22, 2021, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

Note 2 – Financial Assets and Liquidity Resources

The Organization monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2021, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end	
Cash and equivalents	\$ 847,769
Investments	72,160
Pledges receivable	<u>1,450,692</u>
Total financial asset, at year-end	2,370,621
Less amounts not available to be used within one year:	
Restricted by donor with time restrictions (long term)	(742,028)
Designated by board of directors	(205,000)
Restricted by donor with purpose restrictions	(26,192)
Allowance for doubtful accounts	<u>(10,000)</u>
Financial assets available to meet cash need for general expenditures within one year	<u>\$ 1,387,401</u>

LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2 – Financial Assets and Liquidity Resources (cont.)

The Organization moderately relies on donor restricted resources but with a significant portion of those net assets with donor restriction available in future periods. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources. The Organization also has margin account in which it can borrow funds against its account balance if needed.

Note 3 – Fair Value Measurements and Investments

Generally Accepted Accounting Principles defines fair value as the price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on a determined measurement date.

Generally accepted accounting principles establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The fair value of debt and equity investments that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs) or by quoted market prices of similar securities with similar due dates or matrix pricing. This is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on securities' relationship to other benchmark quoted securities (Level 2 inputs). Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions (Level 3 inputs). Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

**LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 3 – Fair Value Measurements and Investments (cont.)

The following table summarizes the valuation of the Organization’s financial assets measured and recorded at fair value on a recurring basis at June 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 67,038	\$ -	\$ -
Equities	5,122	-	-
	<u>\$ 72,160</u>	<u>\$ -</u>	<u>\$ -</u>

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

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded. All are classified as Level 1 of the fair value hierarchy because they were valued using quoted market prices in active markets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 4 – Contingencies and Commitments

LINK administers scholarships, which stipulates that selected students will be awarded four-year scholarships, with subsequent annual awards conditional upon maintaining adequate academic status and eligible college prep institution. Recipients meeting the conditions resulted in \$284,163 of tuition expense for the current period ended June 30, 2021. Over the next four years, \$313,100 is payable to the remaining students who have received this award and deemed eligible.

Note 5 – Contributions Receivable

Contributions receivables at June 30, 2021 are short and long-term commitments from various donors without restriction as to purpose but with donor restriction until received in future periods. At June 30, 2021 total net short-term contribution receivables were \$650,692 while total net long-term contribution receivables were \$742,028. Contributions receivable with due dates extending beyond one year are discounted using Treasury bill rates at 2.7% annual rate of interest at June 30, 2021.

**LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021**

Note 5 – Contributions Receivable (cont.)

At June 30, 2021, the organization had committed funds of:

Total pledges receivable	\$ 1,450,692
Less discount to present value	(47,972)
Less allowance for doubtful accounts	<u>(10,000)</u>
Net pledges receivable	<u><u>\$ 1,392,720</u></u>
Amounts due in:	
Less than one year	\$ 650,692
One to five years	<u>742,028</u>
Total pledges receivable	<u><u>\$ 1,392,720</u></u>

Note 6 – Line of Credit

In July 2016, LINK established a margin account (line of credit) managed by TD Ameritrade and secured the organization’s investment portfolio which has a cash balance of \$67,038 at June 30, 2021. The margin account bears interest at an established base rate plus or minus any corresponding movement in the federal funds rate. As of June 30, 2021, there was no outstanding balance or maturity date on the margin loan.

Note 7 – Net Assets With Donor Restrictions

Net assets with donor restrictions for the year ended June 30, 2021 are as follows:

Future periods	\$ 1,330,000
Sponsor/benefactor	<u>26,192</u>
Total net assets with donor restrictions	<u><u>\$ 1,356,192</u></u>

Note 8 – Special Events and Deferred Revenue

LINK typically hosts various fundraising events during the fiscal year but due to the COVID-19 pandemic, the events were postponed or cancelled. During the year ended June 30, 2021, the Organization received \$114,250 related to event sponsorships for fiscal year 2022. This amount has been recorded as deferred revenue as of June 30, 2021 and will be recognized as special event revenue when the event occurs.

LINK UNLIMITED SCHOLARS
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 9 – Concentration of Revenue

One donor accounted for approximately 14% of total revenues for the year ended June 30, 2021. Two donors accounted for more than 51% of total receivables as of June 30, 2021. The current level of the Organization’s operations and program services may be impacted if the funding is not renewed or replaced.

Note 10 – Operating Leases

LINK entered into a 60-month operating lease for a copier, effective December 7, 2016. The monthly lease amount of the copier is \$813. Rental expense, including maintenance fees, for this lease was \$13,394 for the year ended June 30, 2021.

Future minimum lease payments for the year ended June 30, 2022 are \$4,065.

Note 11 – Employee Benefit Plan

LINK has a defined contribution benefit plan. The plan conforms to the provisions of section 403(b) of the Internal Revenue Code and covers employees who have completed one year of service. LINK makes discretionary contributions up to 6% of the employee’s base salary as long as the employee contributes at least 3% of their base salary. LINK did not have retirement expense for the year ended June 30, 2021.

Note 12 – Paycheck Protection Loan

On April 21, 2020, the Organization received loan proceeds in the amount of \$166,087 under the Paycheck Protection Program (“PPP”). The PPP, 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 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 twenty-four-week 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. The Organization has used the proceeds for purposes consistent with the PPP and elected to follow ASC 958-605 and record the loan as a refundable advance where once forgiveness conditions are substantially met or explicitly waived, the entity would reduce the refundable advance and record a contribution for the amount forgiven. The Organization received full forgiveness of the PPP loan on March 1, 2021, and recognized the amount as a government grant.