

LINK EDUCATION PARTNERS, INC.

Financial Statements
with Independent Auditor's Report

June 30, 2021

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

LINK EDUCATION PARTNERS, INC.

JUNE 30, 2021

TABLE OF CONTENTS	Page
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Link Education Partners, Inc.

We have audited the accompanying financial statements of Link Education Partners, Inc., Inc., 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 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 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 Education Partners, Inc. 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.

Galleras Robinson CPAs, LLP

Cream Ridge, New Jersey
April 28, 2022

LINK EDUCATION PARTNERS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current Assets:

Cash	\$ 787,465
Investments at fair value	1,398,356
Contributions receivable	26,375
Prepaid expenses and other	<u>30,477</u>
Total Current Assets	2,242,673

Noncurrent Assets:

Property and equipment, net	<u>5,067,915</u>
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Total Assets	<u><u>\$ 7,310,588</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 97,442
Unearned revenue	146,238
Grant payable	60,000
Grant advances	5,000
Current portion of mortgage payable	<u>79,208</u>
Total Current Liabilities	<u>387,888</u>

Noncurrent Liability -

Mortgage payable net of current portion	<u>3,263,485</u>
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Total Liabilities	<u>3,651,373</u>
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NET ASSETS

Net Assets:

Without donor restriction	3,553,324
With donor restriction	<u>105,891</u>
Total net assets	<u>3,659,215</u>
Total Liabilities and Net Assets	<u><u>\$ 7,310,588</u></u>

LINK EDUCATION PARTNERS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Special events	\$ 360,056	\$ -	\$ 360,056
Less: cost of direct benefits to donors	<u>(14,497)</u>	<u>-</u>	<u>(14,497)</u>
Net special events revenue	<u>345,559</u>	<u>-</u>	<u>345,559</u>
Rent income	328,000	-	328,000
Foundation grants	188,090	-	188,090
Contributions	156,864	16,016	172,880
Paycheck Protection Program loan forgiven	80,032	-	80,032
Dividend and interest income	17,121	-	17,121
Net unrealized loss on investments	(10,668)	-	(10,668)
Program service revenue - sale of uniforms	3,980	-	3,980
Other revenue	4,286	-	4,286
Net assets released from restrictions	<u>134,000</u>	<u>(134,000)</u>	<u>-</u>
Total support and revenue	<u>1,247,264</u>	<u>(117,984)</u>	<u>1,129,280</u>
EXPENSES			
Program Services:			
Summer Program	147,796	-	147,796
Support of Link Community Charter School	<u>481,305</u>	<u>-</u>	<u>481,305</u>
Total program services expenses	<u>629,101</u>	<u>-</u>	<u>629,101</u>
Support services:			
Management and general	444,804	-	444,804
Fundraising	<u>204,358</u>	<u>-</u>	<u>204,358</u>
Total support services expenses	<u>649,162</u>	<u>-</u>	<u>649,162</u>
Total expenses	<u>1,278,263</u>	<u>-</u>	<u>1,278,263</u>
CHANGE IN NET ASSETS	(30,999)	(117,984)	(148,983)
NET ASSETS, BEGINNING OF YEAR	<u>3,584,323</u>	<u>223,875</u>	<u>3,808,198</u>
NET ASSETS, END OF YEAR	<u>\$ 3,553,324</u>	<u>\$ 105,891</u>	<u>\$ 3,659,215</u>

LINK EDUCATION PARTNERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services			Support Services			Total Expenses
	Summer Program and Student Activities	Support of Link Community Charter School	Total Program Services	Management and General	Fundraising	Total Support Services	
Personnel:							
Salaries and wages	\$ 16,016	\$ 50,000	\$ 66,016	\$ 116,030	\$ 107,220	\$ 223,250	\$ 289,266
Payroll taxes and employee benefits	6,086	26,012	32,098	62,142	12,317	74,459	106,557
Total personnel expenses	22,102	76,012	98,114	178,172	119,537	297,709	395,823
Other than Personnel Expenses:							
Consultant and professional fees	111,226	151,106	262,332	30,904	12,211	43,115	305,447
Depreciation	-	159,403	159,403	4,195	4,195	8,390	167,793
Interest expense	-	-	-	152,280	-	152,280	152,280
Grant expenses	-	60,000	60,000	-	-	-	60,000
Conferences, conventions, and meetings	186	-	186	47,552	-	47,552	47,738
Repairs and maintenance	-	34,784	34,784	-	-	-	34,784
Supplies	12,081	-	12,081	494	21,152	21,646	33,727
Food and catering	-	-	-	-	25,080	25,080	25,080
Information technology	-	-	-	-	22,086	22,086	22,086
Donated food and auctioned items	-	-	-	12,015	6,700	18,715	18,715
Insurance	-	-	-	6,279	-	6,279	6,279
Forgiven interest expense	-	-	-	726	-	726	726
Miscellaneous	2,201	-	2,201	12,187	7,894	20,081	22,282
Total other than personnel expenses	125,694	405,293	530,987	266,632	99,318	365,950	896,937
Total Expenses	147,796	481,305	629,101	444,804	218,855	663,659	1,292,760
Less: Cost of Direct Benefit to Donors	-	-	-	-	(14,497)	(14,497)	(14,497)
Total Expenses included in the Expense Section of Statement of Activities	\$ 147,796	\$ 481,305	\$ 629,101	\$ 444,804	\$ 204,358	\$ 649,162	\$ 1,278,263

See notes to financial statements.

LINK EDUCATION PARTNERS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (148,983)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	167,793
Paycheck Protection Program loan forgiven	(80,032)
Unrealized loss on investments	10,668
Increase in assets:	
Contributions receivable	(1,336)
Prepaid expenses and other	(13,388)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(9,100)
Grant payable	60,000
Unearned revenue	<u>133,738</u>
Net cash from operating activities	<u>119,360</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(198,392)
Net purchase of investments	<u>(13,099)</u>
Net cash used in investing activities	<u>(211,491)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payment of mortgage payable	<u>(75,729)</u>
Net cash used in financing activities	<u>(75,729)</u>
Net decrease in cash	(167,860)
CASH AT BEGINNING OF YEAR	<u>955,325</u>
CASH AT END OF YEAR	<u>\$ 787,465</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid during the year	<u>\$ 152,280</u>

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

1. ORGANIZATION AND NATURE OF ACTIVITIES

Link Education Partners, Inc. (the "Organization"), formerly Link Community School, Inc., is a non-profit corporation incorporated in the State of New Jersey. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is similarly exempt from New Jersey State income taxes. On October 24, 2014, a certificate of amendment to the certificate of incorporation was filed by Link Community School, Inc. to change the name of the corporation to Link Education Partners, Inc.

The Organization's purpose is to advance the quality of education for children and conduct any and all activities necessary and appropriate to accomplish this in and around New Jersey.

A substantial portion of the Organization's revenues is derived from contributions and foundation grants. Because of the nature of these revenues, the ability of the Organization to continue operations is dependent upon the future support of donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues are recognized when earned and expenditures are recognized when incurred.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications.

Net assets without donor restrictions. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Organization's management and the board of directors.

Net assets with donor restrictions. Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Presentation – Continued

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and the amount of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

The Organization considers all highly liquid investments and investment instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents include demand deposits and temporary investments readily convertible to cash with high credit financial institutions. The Organization do not have restricted cash as of June 30, 2021.

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At June 30, 2021, the fair value of the Organization's financial instruments, including cash and cash equivalents, contributions receivable, and accounts payable and accrued expenses, approximated book value due to the short maturity of these instruments. Refer to Note 4 - Investments for assets measured at fair value.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

Investments are stated at the readily determinable fair value in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Not-for-Profit Entities topic. All interest, dividends and realized and unrealized gains and losses are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law. Dividend and interest income are recognized when earned and realized capital gains or losses are recognized upon the sale of the investment using the trade-date basis. Unrealized gains and losses are reflected as income in the year they are determined. Realized gains and losses are determined using cost figures calculated on a first-in, first-out basis.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as support until the conditions are substantially met. Interest is not charged on outstanding receivables.

Allowance for Doubtful Accounts

Management determines whether an allowance for uncollectible amounts should be provided for receivables. Such estimates are based on management's assessment of the aged basis of receivables, collections and historical information. Receivables are written off against bad debt expense when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. There was no allowance for doubtful accounts at June 30, 2021.

Property and Equipment

Property and equipment is stated at cost. The costs of additions and betterments are capitalized when they exceed \$500 and have a useful life of over one year. Expenditures for repairs and maintenance are expensed as incurred. The building is being depreciated on a straight-line basis over 39 years, leasehold improvements are amortized over 25 years, and furniture, vehicles and equipment are depreciated over 5 to 8 years.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Paycheck Protection Program (PPP) Loans Payable

The Organization recognized proceeds from the PPP loans payable as debt in accordance with FASB ASC 470, Debt. For purposes of derecognition of the liability FASB ASC 470-50-15-4 refers to guidance in FASB ASC 405-20. The proceeds from the loan would remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been “legally released” or (2) the debtor pays off the loan to the creditor. Interest should be accrued in accordance with the interest method under FASB ASC 835-30. Additional interest at a market rate would not be imputed because transactions where interest rates are prescribed by governmental agencies are secluded from the scope of FASB ASC 835-30 guidance on imputing interest.

Revenue Recognition

Foundation Grants and Contributions

Foundation grants and contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions restricted by donors are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Rental Income

Rental income is recognized evenly over the life of the lease. Rental payments received in advance are deferred until earned. The lease agreement with the tenant is renewed annually.

Special Events Revenue

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. Revenue from special events is recognized as equal to the fair value of direct benefits to donors when the special event takes place. The contribution element of special event revenue is recognized immediately, unless there is a right of return if the special event does not take place. All goods and services are transferred at a point in time.

Donated Services and In-Kind Contribution

Contributions of donated noncash assets are recorded at fair values in the period received. Contributions of noncash services that enhance the nonfinancial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at their fair values in the period the services were rendered.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Concentration of Risk

The Organization maintains its cash deposits in a single financial institution which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk.

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment securities can occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Functional Expense Allocation

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Accounting for Uncertainty in Income Taxes

The Organization has adopted the provisions pertaining to uncertain tax provisions under FASB ASC Topic 740, Income Taxes, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations prior to 2018.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 28, 2022.

Adoption of New Accounting Policies

On May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)", which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised 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. Since the Organization do not have contracts with customers other than lease and grants and contributions, the adoption did not have an effect on the Organization's financial statements.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Recent Accounting Guidance

On February 25, 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)" which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. With this, the Organization's adoption of Topic 842 was deferred to fiscal year beginning after December 15, 2021 or fiscal year 2023.

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general use within one year of the statement of financial position date:

Financial Assets at End of Year	
Cash	\$ 787,465
Investments at fair value	1,398,356
Contributions receivable	<u>26,375</u>
	2,212,196
Less: amounts not available to be used within one year	
Grant payable	60,000
Donor restricted funds	<u>105,891</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,046,305</u></u>

The Organization is mainly supported by contributions from foundations and individuals. Timing of collection and payment of its obligation is crucial in managing its liquidity. Financial assets may not be available for general expenditure within one year. The Organization's goal is to maintain financial assets to meet 3 months of operating expenses.

4. INVESTMENTS AT FAIR VALUE

The following summarizes cost and fair value of investments at June 30, 2021:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds	\$ 1,347,785	\$ 1,352,538
Interest in pooled fund	<u>32,500</u>	<u>45,818</u>
	<u><u>\$ 1,380,285</u></u>	<u><u>\$ 1,398,356</u></u>

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

4. INVESTMENTS AT FAIR VALUE - CONTINUED

A summary of investment activities is as follows:

Dividend and interest income	\$ 17,121
Unrealized loss on investments	(10,668)
Realized loss on sale of investments	(684)
Fees	(602)
Total	<u>\$ 5,167</u>

The Organization's investments at fair value are classified as follow in the fair value hierarchy level:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	<u>\$ 1,352,538</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 1,352,538
Interest in pooled funds				<u>45,818</u>
Investments measured at fair value				<u>\$ 1,398,356</u>

The Organization's interest in pooled funds are measured using net asset value (NAV) as a practical expedient and therefore are not classified within the fair value hierarchy. The fair value amounts presented above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Interest in pooled funds were allocated 52% in equity, 35% in fixed income, 11% in alternative investments and 2% in cash/ money market. The investment seeks to provide growth of capital through a target allocation. The investment is composed of various actively managed index funds. The investment in pooled funds includes a matching grant of \$5,000 which will be returned to the grantor upon close-out of the investment. As of June 30, 2021, this is reported in the statement of financial position as grant advances.

Since investments may not be readily marketable and the estimated fair value assigned to such interests is subject to uncertainty, fair values may differ from the value that would have been used had a ready market for such investment existed. The fair values assigned to such holdings do not necessarily represent amounts which might ultimately be realized upon sale or other disposition since such amounts depend on future circumstances and cannot reasonably be determined until the actual liquidation occurs. Because of the inherent uncertainty of such valuation, the estimated fair values may differ significantly from the value that would have been used had a ready market for such investments existed and the differences could be material.

Information regarding investments valued at NAV using the practical expedient at June 30, 2021 is as follow:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Requency</u>	<u>Redemption Notice Period</u>
Interest in pooled funds	\$ 45,818	\$ -	Monthly	30 days

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

5. PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30, 2021 consist of the following:

Land	\$	54,087
Building		5,269,623
Building improvements		641,798
Furniture and equipment		925,859
Vehicles		<u>38,522</u>
		6,929,889
Less: accumulated depreciation		<u>1,861,974</u>
	\$	<u>5,067,915</u>

Depreciation expense for the year ended June 30, 2021 is \$167,793.

6. MORTGAGE PAYABLE

The mortgage payable is secured by the building located in Newark, New Jersey, with interest at the rate of 4.5% per annum. Monthly payments of \$19,001 for principal and interest are payable until maturity in June 2045. Mortgage payable as at June 30, 2021 consists of the following:

Mortgage payable	\$	3,342,693
Less: current portion		<u>79,208</u>
Mortgage payable, noncurrent	\$	<u>3,263,485</u>

Scheduled principal maturities of the mortgage in each of the next five years and thereafter are as follows:

<u>Years Ending June 30</u>	
2022	\$ 79,208
2023	82,846
2024	86,652
2025	90,633
2026	94,797
Thereafter	<u>2,908,557</u>
	<u>\$ 3,342,693</u>

The mortgage note is secured by the related property with a net book value of \$4,466,418.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and amounts as of June 30, 2021.

Kurtz Excellence fund	\$	54,250
Athletic programs		50,625
Renovations		<u>1,016</u>
	\$	<u>105,891</u>

Releases from restrictions for the year ended June 30, 2021 are as follow:

Renovations	\$	85,000
Summer program		15,000
Kurtz Excellence fund		14,000
Library development project		<u>20,000</u>
	\$	<u>134,000</u>

8. PENSION PLAN

The Organization established a defined contribution pension plan during the fiscal year ended June 30, 2001. Employees with one year of service or more are eligible to participate. For the year ended June 30, 2021, the Organization matched 4% to 10% of salaries for employees who also contributed 4% to 10% based on years of service. The cost to the Organization was \$11,005 for the year ended June 30, 2021. Eligible employees are also allowed to make additional deferrals up to a maximum amount allowed by law.

9. LEASE

The Organization is leasing a portion of its building to Link Community Charter School expiring on June 30, 2023 for an annual rental income of \$328,000. Rent income recognized for the year ended June 30, 2021 amounted to \$328,000. Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2022	\$ 328,000
2023	<u>328,000</u>
Total	<u>\$ 656,000</u>

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

10. PAYMENT PROTECTION PLAN (PPP) LOANS PAYABLE

On April 14, 2020, the Organization received a forgivable loan amounting to \$79,306 under the Paycheck Protection Program (“PPP”), which the Organization recognized as debt in accordance with FASB ASC 470, Debt. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides 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 24 weeks as long as the loan proceeds are used 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 24-week period.

On March 17, 2021, the loan amounting to \$79,306 and accrued interest of \$726 was forgiven and accordingly, the Organization recognized the amount as revenue in its statement of activities.

11. RISKS AND UNCERTAINTIES

The ongoing coronavirus pandemic has resulted in substantial volatility in the global economy. The pandemic may potentially have an adverse effect on the results of the Organization’s operations. While management has implemented measures to mitigate the impact of the pandemic, including obtaining a PPP loans under the CARES Act as detailed in Note 10, the extent to which the Organization’s results are impacted will depend on future developments, which are highly uncertain and cannot be predicted. As a result, management cannot reasonably estimate the overall impact of the coronavirus pandemic to the Organization’s future results of operations, cash flows, or financial condition.