

LINK EDUCATION PARTNERS, INC.

Financial Statements
with Independent Auditor's Report

June 30, 2022

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

LINK EDUCATION PARTNERS, INC.

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Link Education Partners, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, and the changes in its net assets and equity and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Galleros Robinson CPAs, LLP

Cream Ridge, New Jersey
May 11, 2023

LINK EDUCATION PARTNERS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current Assets:

Cash	\$ 512,452
Investments at fair value	1,282,455
Contributions receivable	5,030
Prepaid expenses and other	50,572
Security deposit	<u>8,250</u>
Total current assets	1,858,759

Noncurrent Assets:

Property and equipment, net	<u>5,074,794</u>
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Total assets	<u><u>\$ 6,933,553</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and accrued expenses	\$ 93,748
Unearned revenue	19,250
Grant advances	5,000
Current portion of mortgage payable	<u>76,084</u>
Total current liabilities	<u>194,082</u>

Noncurrent Liability:

Mortgage payable, net of current portion	<u>3,180,639</u>
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Total liabilities	<u>3,374,721</u>
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NET ASSETS

Net Assets:

Without donor restrictions	3,447,056
With donor restrictions	<u>111,776</u>
Total net assets	<u>3,558,832</u>

Total liabilities and net assets	<u><u>\$ 6,933,553</u></u>
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LINK EDUCATION PARTNERS, INC.**STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2022**

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Special events	\$ 657,447	\$ -	\$ 657,447
Less: Cost of direct benefits to donors	<u>(101,548)</u>	<u>-</u>	<u>(101,548)</u>
Net special events revenue	555,899	-	555,899
Rent income	352,000	-	352,000
Foundation grants	112,655	-	112,655
Contributions	320,464	5,885	326,349
Dividend and interest income	18,715	-	18,715
Net unrealized loss on investments	(134,494)	-	(134,494)
Program service revenue - sale of uniforms	2,670	-	2,670
Other revenue	24,844	-	24,844
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,252,753</u>	<u>5,885</u>	<u>1,258,638</u>
EXPENSES			
Program services:			
Summer Program and Student Activities	170,636	-	170,636
Support of Link Community Charter School	<u>517,795</u>	<u>-</u>	<u>517,795</u>
Total program services expenses	<u>688,431</u>	<u>-</u>	<u>688,431</u>
Support services:			
Management and general	420,703	-	420,703
Fundraising	<u>249,887</u>	<u>-</u>	<u>249,887</u>
Total support services expenses	<u>670,590</u>	<u>-</u>	<u>670,590</u>
Total expenses	<u>1,359,021</u>	<u>-</u>	<u>1,359,021</u>
CHANGE IN NET ASSETS	(106,268)	5,885	(100,383)
NET ASSETS, BEGINNING OF YEAR	<u>3,553,324</u>	<u>105,891</u>	<u>3,659,215</u>
NET ASSETS, END OF YEAR	<u>\$ 3,447,056</u>	<u>\$ 111,776</u>	<u>\$ 3,558,832</u>

LINK EDUCATION PARTNERS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	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	\$ 2,392	\$ 65,422	\$ 67,814	\$ 125,507	\$ 113,174	\$ 238,681	\$ 306,495
Payroll taxes and employee benefits	<u>1,002</u>	<u>27,407</u>	<u>28,409</u>	<u>55,717</u>	<u>47,414</u>	<u>103,131</u>	<u>131,540</u>
Total personnel expenses	<u>3,394</u>	<u>92,829</u>	<u>96,223</u>	<u>181,224</u>	<u>160,588</u>	<u>341,812</u>	<u>438,035</u>
Other than Personnel Expenses:							
Consultant and professional fees	140,816	62,850	203,666	51,173	20,968	72,141	275,807
Depreciation	-	165,002	165,002	4,342	4,342	8,684	173,686
Interest expense	-	-	-	148,801	-	148,801	148,801
Conferences and professional developments	398	108,985	109,383	-	-	-	109,383
Repairs and maintenance	-	47,798	47,798	-	-	-	47,798
Rent	-	17,041	17,041	-	-	-	17,041
Supplies	26,028	-	26,028	764	33,734	34,498	60,526
Venue and catering	-	-	-	-	97,642	97,642	97,642
Transportation and travel	-	23,290	23,290	-	-	-	23,290
Information technology	-	-	-	-	28,045	28,045	28,045
Donated food and auctioned items	-	-	-	1,796	-	1,796	1,796
Insurance	-	-	-	6,603	-	6,603	6,603
Miscellaneous	-	-	-	26,000	6,116	32,116	32,116
Total other than personnel expenses	<u>167,242</u>	<u>424,966</u>	<u>592,208</u>	<u>239,479</u>	<u>190,847</u>	<u>430,326</u>	<u>1,022,534</u>
Total Expenses	170,636	517,795	688,431	420,703	351,435	772,138	1,460,569
Less: Cost of Direct Benefit to Donors	-	-	-	-	(101,548)	(101,548)	(101,548)
Total Expenses included in the Expense Section of Statement of Activities	<u>\$ 170,636</u>	<u>\$ 517,795</u>	<u>\$ 688,431</u>	<u>\$ 420,703</u>	<u>\$ 249,887</u>	<u>\$ 670,590</u>	<u>\$ 1,359,021</u>

See notes to financial statements.

LINK EDUCATION PARTNERS, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (100,383)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	173,686
Unrealized loss on investments	134,494
Decrease (increase) in assets:	
Contributions receivable	21,345
Prepaid expenses and other	(20,095)
Security deposit	(8,250)
Decrease in liabilities:	
Accounts payable and accrued expenses	(3,694)
Grant payable	(60,000)
Unearned revenue	<u>(126,988)</u>
Net cash from operating activities	<u>10,115</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Acquisition of property and equipment	(180,565)
Net purchase of investments	<u>(18,593)</u>
Net cash used in investing activities	<u>(199,158)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payment of mortgage payable	<u>(85,970)</u>
Net cash used in financing activities	<u>(85,970)</u>
Net decrease in cash	(275,013)
CASH AT BEGINNING OF YEAR	<u>787,465</u>
CASH AT END OF YEAR	<u>\$ 512,452</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Interest paid during the year	<u>\$ 148,801</u>

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 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 trustees.

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 does not have restricted cash as of June 30, 2022.

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, 2022, 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 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, 2022.

Property and Equipment

Property and equipment are 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

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 statement 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.

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.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Functional Allocation of Expense

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 2019.

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 May 11, 2023.

Recent Accounting Guidance

On February 25, 2016, the FASB issued *Accounting Standards Update (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. On June 3, 2020, the FASB issued *ASU 2020-05, "Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities"* which deferred the effective date of ASC 842 for private nonprofit entities to fiscal year beginning after December 15, 2021. With this, the Organization's adoption of Topic 842 was deferred to fiscal year beginning after December 15, 2021 or fiscal year 2023.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2022, 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	\$ 512,452
Investments at fair value	1,282,455
Contributions receivable	<u>5,030</u>
	1,799,937
Less: amounts not available to be used within one year	
Donor restricted funds	<u>111,776</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,688,161</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, 2022:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 1,365,256	\$ 1,240,564
Interest in pooled fund	<u>32,500</u>	<u>41,891</u>
	<u>\$ 1,397,756</u>	<u>\$ 1,282,455</u>

A summary of investment activities is as follows:

Dividend and interest income	\$ 18,715
Unrealized loss on investments	(134,494)
Realized loss on sale of investments	353
Fees	<u>(602)</u>
Total	<u>\$ (116,028)</u>

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

3. INVESTMENTS AT FAIR VALUE - CONTINUED

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 1,240,564	\$ -	\$ -	\$ 1,240,564
Interest in pooled funds				41,891
Investments measured at fair value				<u>\$ 1,282,455</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 48% in equity, 34% in fixed income, 14% in alternative investments and 4% 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, 2022, 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, 2022 is as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Requency</u>	<u>Redemption Notice Period</u>
Interest in pooled funds	\$ 41,891	\$ -	Monthly	30 days

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

4. PROPERTY AND EQUIPMENT, NET

Property and equipment, net at June 30, 2022 consist of the following:

Land	\$	54,087
Building		5,269,623
Building improvements		822,363
Furniture and equipment		925,859
Vehicles		<u>38,522</u>
		7,110,454
Less: Accumulated depreciation		<u>2,035,660</u>
	\$	<u>5,074,794</u>

Depreciation expense for the year ended June 30, 2022 is \$173,686.

5. 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 of June 30, 2022 consists of the following:

Mortgage payable	\$	3,256,723
Less: Current portion		<u>76,084</u>
Mortgage payable, net of current portion	\$	<u>3,180,639</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>		
2023	\$	76,084
2024		86,652
2025		90,633
2026		94,797
2027		99,152
Thereafter		<u>2,809,405</u>
	\$	<u>3,256,723</u>

The mortgage note is secured by the related property with a net book value of \$4,435,053.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and amounts as of June 30, 2022:

Kurtz Excellence fund	\$	54,250
Athletic programs		50,625
Student programs		<u>6,901</u>
	\$	<u>111,776</u>

There are no releases from restrictions for the year ended June 30, 2022.

7. 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, 2022, 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 \$19,430 for the year ended June 30, 2022. Eligible employees are also allowed to make additional deferrals up to a maximum amount allowed by law.

8. LEASES

As a Lessor/Sublessor

The Organization is leasing a portion of its building to Link Community Charter School (the "School") expiring on June 30, 2023 for an annual rental income of \$328,000. Commencing July 1, 2021, the School leased additional spaces of the building for an annual rental fee of \$24,000.

Commencing July 1, 2023, it also subleased its space in 972 Broad Street, Newark, New Jersey to the School for annual rent of \$48,000 expiring on June 30, 2023.

Rent income recognized for the above leases year ended June 30, 2022 amounted to \$352,000.

As of audit report date the Organization is in the process renewing its lease agreement to extend expiration to June 30, 2026. Future minimum lease collections for 2023 on the above leases totalled \$400,000.

LINK EDUCATION PARTNERS, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

9. LEASES - CONTINUED

As a Lessee

In November 2021, the Organization entered into a two-year lease agreement for the use of space at 972 Broad Street, Newark, New Jersey, for an annual rate of \$66,000 with 2.5% annual escalation rate. The agreement commenced on July 1, 2023. No rental expense was recognized from this lease for the year ended June 30, 2022. Security deposit related to this lease amounted to \$8,250 for the year ended June 30, 2022.

Future minimum lease payments on this lease are as follows:

Year Ending June 30,	Amount
2023	\$ 66,000
2024	<u>67,650</u>
Total	<u>\$ 133,650</u>

In 2022, the Organization also entered into space use agreements for parking and office spaces on a month-to-month basis. Rent expense recognized for the year ended June 30, 2022 on these leases amounted to \$17,041.

10. 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, 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.