

**I KNOW I CAN**

**FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

To the Board of Directors of  
I Know I Can

### Independent Auditor's Report

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of I Know I Can which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

*John Gerlach & Company LLP*

Columbus, Ohio  
March 21, 2022

I KNOW I CAN

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

|                                               | <u>2021</u>                 | <u>2020</u>                 |
|-----------------------------------------------|-----------------------------|-----------------------------|
| <b>ASSETS:</b>                                |                             |                             |
| Cash                                          | \$ 5,028,019                | \$ 4,188,060                |
| Operating receivables                         | 915,850                     | 85,000                      |
| Pledges/Grants receivable                     | 884,551                     | 1,114,521                   |
| Inventory                                     | 28,194                      | 31,738                      |
| Prepaid expenses                              | 13,907                      | -                           |
| Property and equipment, net                   | 83,764                      | 90,140                      |
| Beneficial interest in assets held by others: |                             |                             |
| Without donor restriction                     | 4,435,522                   | 3,655,158                   |
| With donor restriction                        | 38,288,859                  | 31,416,737                  |
|                                               | <u>42,724,381</u>           | <u>35,071,895</u>           |
| <b>TOTAL ASSETS</b>                           | <b><u>\$ 49,678,666</u></b> | <b><u>\$ 40,581,354</u></b> |
| <br>                                          |                             |                             |
| <b>LIABILITIES AND NET ASSETS:</b>            |                             |                             |
| Accounts payable                              | \$ 328                      | \$ 43,143                   |
| Accrued expenses                              | 921,424                     | 372,109                     |
| Notes payable                                 | 584,497                     | 450,365                     |
| Total Liabilities                             | <u>1,506,249</u>            | <u>865,618</u>              |
| Net assets without donor restriction          | 8,144,368                   | 6,883,378                   |
| Net assets with donor restriction             | 40,028,049                  | 32,832,358                  |
| Total Net Assets                              | <u>48,172,417</u>           | <u>39,715,736</u>           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>       | <b><u>\$ 49,678,666</u></b> | <b><u>\$ 40,581,354</u></b> |

See Notes to Financial Statements

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STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

|                                                                                            | <u>Without Donor<br/>Restriction</u> | <u>With Donor<br/>Restriction</u> | <u>Total</u>             |
|--------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|--------------------------|
| <b>REVENUE AND SUPPORT:</b>                                                                |                                      |                                   |                          |
| Contributions                                                                              | \$ 1,632,754                         | \$ 1,052,727                      | \$ 2,685,481             |
| Contract services                                                                          | 1,833,500                            | -                                 | 1,833,500                |
| Dividends, interest and other revenue                                                      | 1,942                                | -                                 | 1,942                    |
| Gains, (losses), interest and dividends on<br>beneficial interest in assets held by others | -                                    | 9,588,125                         | 9,588,125                |
| Paycheck protection program forgiveness                                                    | 450,365                              | -                                 | 450,365                  |
| Net assets released from restriction                                                       | 3,445,161                            | (3,445,161)                       | -                        |
| <br>Total Revenue and Support                                                              | <br><u>7,363,722</u>                 | <br><u>7,195,691</u>              | <br><u>14,559,413</u>    |
| <b>EXPENSES:</b>                                                                           |                                      |                                   |                          |
| Scholarship grants and fees                                                                | 1,653,322                            | -                                 | 1,653,322                |
| Program events                                                                             | 9,720                                | -                                 | 9,720                    |
| Book                                                                                       | 5,706                                | -                                 | 5,706                    |
| Salaries and benefits                                                                      | 3,533,905                            | -                                 | 3,533,905                |
| Professional services                                                                      | 67,981                               | -                                 | 67,981                   |
| Rent                                                                                       | 153,118                              | -                                 | 153,118                  |
| Depreciation                                                                               | 39,081                               | -                                 | 39,081                   |
| Other operating expenses                                                                   | 51,084                               | -                                 | 51,084                   |
| Technology                                                                                 | 145,618                              | -                                 | 145,618                  |
| Supplies and postage                                                                       | 441,964                              | -                                 | 441,964                  |
| Travel                                                                                     | 1,233                                | -                                 | 1,233                    |
| <br>Total Expenses                                                                         | <br><u>6,102,732</u>                 | <br><u>-</u>                      | <br><u>6,102,732</u>     |
| <br>CHANGE IN NET ASSETS                                                                   | <br><u>1,260,990</u>                 | <br><u>7,195,691</u>              | <br><u>8,456,681</u>     |
| <br>NET ASSETS - At Beginning of Year                                                      | <br>6,883,378                        | <br>32,832,358                    | <br>39,715,736           |
| <br>NET ASSETS - At End of Year                                                            | <br><u>\$ 8,144,368</u>              | <br><u>\$ 40,028,049</u>          | <br><u>\$ 48,172,417</u> |

See Notes to Financial Statements

I KNOW I CAN

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

|                                                                                            | <u>Without Donor<br/>Restriction</u> | <u>With Donor<br/>Restriction</u> | <u>Total</u>         |
|--------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------------|----------------------|
| <b>REVENUE AND SUPPORT:</b>                                                                |                                      |                                   |                      |
| Contributions                                                                              | \$ 916,281                           | \$ 1,636,552                      | \$ 2,552,833         |
| Contract services                                                                          | 1,652,500                            | -                                 | 1,652,500            |
| Dividends, interest and other revenue                                                      | 6,497                                | -                                 | 6,497                |
| Gains, (losses), interest and dividends on<br>beneficial interest in assets held by others | 516                                  | 1,639,878                         | 1,640,394            |
| Net assets released from restriction                                                       | 4,755,986                            | (4,755,986)                       | -                    |
|                                                                                            | <u>7,331,780</u>                     | <u>(1,479,556)</u>                | <u>5,852,224</u>     |
| <b>EXPENSES:</b>                                                                           |                                      |                                   |                      |
| Scholarship grants and fees                                                                | 1,762,320                            | -                                 | 1,762,320            |
| Program events                                                                             | 2,000                                | -                                 | 2,000                |
| Book                                                                                       | 7,183                                | -                                 | 7,183                |
| Salaries and benefits                                                                      | 3,329,401                            | -                                 | 3,329,401            |
| Professional services                                                                      | 59,478                               | -                                 | 59,478               |
| Rent                                                                                       | 154,701                              | -                                 | 154,701              |
| Depreciation                                                                               | 73,068                               | -                                 | 73,068               |
| Other operating expenses                                                                   | 74,160                               | -                                 | 74,160               |
| Technology                                                                                 | 194,095                              | -                                 | 194,095              |
| Supplies and postage                                                                       | 187,730                              | -                                 | 187,730              |
| Travel                                                                                     | 27,927                               | -                                 | 27,927               |
|                                                                                            | <u>5,872,063</u>                     | <u>-</u>                          | <u>5,872,063</u>     |
| CHANGE IN NET ASSETS                                                                       | <u>1,459,717</u>                     | <u>(1,479,556)</u>                | <u>(19,839)</u>      |
| NET ASSETS - At Beginning of Year                                                          | 5,423,661                            | 34,311,914                        | 39,735,575           |
| NET ASSETS - At End of Year                                                                | <u>\$ 6,883,378</u>                  | <u>\$ 32,832,358</u>              | <u>\$ 39,715,736</u> |

See Notes to Financial Statements

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STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

|                              | Program Services    |                   |                   |                   |                   |                   |                      |                  | General and       |                   | Total               |
|------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|------------------|-------------------|-------------------|---------------------|
|                              | IKIC Grant          | Dream Big         | Founders          | Americorps        | Retention         | Early Awareness   | High School Advising | Save Smart       | Administrative    | Fundraising       |                     |
| Scholarship grants and fees  | \$ 907,182          | \$ 187,325        | \$ 387,268        | \$ 101,261        | \$ -              | \$ -              | \$ 11,036            | \$ 59,250        | \$ -              | \$ -              | \$ 1,653,322        |
| Miscellaneous program events | -                   | -                 | -                 | -                 | 4,000             | -                 | 5,720                | -                | -                 | -                 | 9,720               |
| Book                         | -                   | -                 | -                 | -                 | -                 | 5,706             | -                    | -                | -                 | -                 | 5,706               |
| Salaries and benefits        | 115,845             | 42,543            | -                 | 76,132            | 92,393            | 552,627           | 2,099,851            | -                | 409,573           | 144,941           | 3,533,905           |
| Professional services        | -                   | -                 | -                 | -                 | -                 | -                 | -                    | -                | 67,981            | -                 | 67,981              |
| Rent                         | -                   | -                 | -                 | -                 | -                 | -                 | -                    | -                | 153,118           | -                 | 153,118             |
| Depreciation                 | -                   | -                 | -                 | -                 | -                 | -                 | -                    | -                | 39,081            | -                 | 39,081              |
| Other operating expenses     | -                   | 100               | -                 | 14,778            | 800               | 1,380             | 8,261                | 472              | 18,064            | 7,229             | 51,084              |
| Technology                   | -                   | 17,290            | 9,000             | 2,000             | 21,700            | 19,736            | 54,263               | -                | 16,445            | 5,184             | 145,618             |
| Supplies and postage         | 628                 | 1,814             | -                 | 1,119             | 94,377            | 147,017           | 187,519              | -                | 3,233             | 6,257             | 441,964             |
| Travel                       | -                   | -                 | -                 | -                 | -                 | -                 | 1,233                | -                | -                 | -                 | 1,233               |
|                              | <u>\$ 1,023,655</u> | <u>\$ 249,072</u> | <u>\$ 396,268</u> | <u>\$ 195,290</u> | <u>\$ 213,270</u> | <u>\$ 726,466</u> | <u>\$ 2,367,883</u>  | <u>\$ 59,722</u> | <u>\$ 707,495</u> | <u>\$ 163,611</u> | <u>\$ 6,102,732</u> |

See Notes to Financial Statements

I KNOW I CAN

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

|                              | Program Services    |                   |                   |                   |                   |                   |                      |                   | General and       |                   | Total               |
|------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------------|-------------------|-------------------|-------------------|---------------------|
|                              | IKIC Grant          | Dream Big         | Founders          | Americorps        | Retention         | Early Awareness   | High School Advising | Save Smart        | Administrative    | Fundraising       |                     |
| Scholarship grants and fees  | \$ 1,086,420        | \$ -              | \$ 392,085        | \$ 63,750         | \$ -              | \$ -              | \$ 35,728            | \$ 184,337        | \$ -              | \$ -              | \$ 1,762,320        |
| Miscellaneous program events | -                   | -                 | -                 | -                 | 2,000             | -                 | -                    | -                 | -                 | -                 | 2,000               |
| Book                         | -                   | -                 | -                 | -                 | -                 | 7,183             | -                    | -                 | -                 | -                 | 7,183               |
| Salaries and benefits        | 113,474             | 36,697            | -                 | 67,694            | 84,450            | 602,578           | 1,827,499            | -                 | 377,270           | 219,739           | 3,329,401           |
| Professional services        | -                   | -                 | -                 | -                 | -                 | -                 | -                    | -                 | 59,478            | -                 | 59,478              |
| Rent                         | -                   | -                 | -                 | -                 | -                 | -                 | -                    | -                 | 154,701           | -                 | 154,701             |
| Depreciation                 | -                   | -                 | -                 | -                 | -                 | -                 | -                    | -                 | 73,068            | -                 | 73,068              |
| Other operating expenses     | -                   | 56                | -                 | 9,550             | 4,537             | 4,628             | 18,196               | -                 | 26,471            | 10,722            | 74,160              |
| Technology                   | 12,000              | 86,462            | -                 | 2,680             | 25,045            | 22,280            | 25,452               | 914               | 15,297            | 3,966             | 194,095             |
| Supplies and postage         | 400                 | 2,643             | -                 | 4,936             | 19,265            | 15,361            | 107,798              | -                 | 6,541             | 30,786            | 187,730             |
| Travel                       | -                   | 27                | -                 | 3,790             | 1,884             | 7,931             | 12,494               | -                 | 811               | 990               | 27,927              |
|                              | <u>\$ 1,212,294</u> | <u>\$ 125,885</u> | <u>\$ 392,085</u> | <u>\$ 152,400</u> | <u>\$ 137,181</u> | <u>\$ 659,961</u> | <u>\$ 2,027,167</u>  | <u>\$ 185,251</u> | <u>\$ 713,637</u> | <u>\$ 266,203</u> | <u>\$ 5,872,063</u> |

See Notes to Financial Statements



I KNOW I CAN

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

|                                                                                                       | <u>2021</u>         | <u>2020</u>         |
|-------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                          |                     |                     |
| Change in net assets                                                                                  | \$ 8,456,681        | \$ (19,839)         |
| Adjustments to reconcile change in net assets<br>to net cash provided (used) by operating activities: |                     |                     |
| Depreciation                                                                                          | 39,081              | 73,068              |
| Forgiveness of paycheck protection program loan                                                       | (450,365)           | -                   |
| Unrealized gain on beneficial interest in assets held by others                                       | (9,138,530)         | (1,006,405)         |
| Interest and dividends from beneficial interest in assets held by others                              | (449,595)           | (617,627)           |
| Changes in assets and liabilities:                                                                    |                     |                     |
| Operating receivables                                                                                 | (830,850)           | -                   |
| Pledges/Grants receivable                                                                             | 229,970             | (243,494)           |
| Inventory                                                                                             | 3,544               | 3,427               |
| Prepaid expenses                                                                                      | (13,907)            | -                   |
| Accounts payable                                                                                      | (42,816)            | 99,633              |
| Accrued expenses                                                                                      | 549,315             | 35,619              |
| Net Cash Provided (Used) by Operating Activities                                                      | <u>(1,647,472)</u>  | <u>(1,675,618)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                          |                     |                     |
| Purchases of property and equipment                                                                   | (32,705)            | (16,631)            |
| Cash transfer from beneficial interest in assets held by others                                       | 1,935,639           | 2,543,068           |
| Net Cash Provided (Used) by Investing Activities                                                      | <u>1,902,934</u>    | <u>2,526,437</u>    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                                          |                     |                     |
| Proceeds from notes payable                                                                           | 584,497             | 450,365             |
| Net Cash Provided (Used) by Financing Activities                                                      | <u>584,497</u>      | <u>450,365</u>      |
| NET INCREASE IN CASH                                                                                  | <u>839,959</u>      | <u>1,301,184</u>    |
| CASH AT BEGINNING OF YEAR                                                                             | 4,188,060           | 2,886,876           |
| CASH AT END OF YEAR                                                                                   | <u>\$ 5,028,019</u> | <u>\$ 4,188,060</u> |

See Notes to Financial Statements

# I KNOW I CAN

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**Nature of Operations** – I Know I Can (IKIC) was organized in January 1988 in Columbus, OH to inspire, enable and support Columbus City Schools (CCS) students in pursuing and completing a college education by providing programs and services including: college planning and counseling for middle and high school students, help with the admissions and financial aid processes, summer enrichment programs, parent engagement workshops, college retention services, as well as grants and scholarships toward the cost of college for qualified students who graduate from a CCS high school.

**Basis of Accounting** – The financial statements of IKIC are prepared on the accrual basis using the principles of fund accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes** – IKIC is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code as evidenced by a determination letter dated April 7, 1988. Accordingly, the accompanying financial statements include no provision for income taxes.

IKIC has adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) relating to uncertain tax positions. IKIC does not believe its financial statements include any uncertain tax positions.

**Revenue Recognition** – Contributions are recorded as without donor restriction or with donor restriction depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Contract services represent revenue for services provided and are recognized when earned.

**Scholarship Grants and Fees** – Scholarship grants and fees are reported net of refunds and returned grant checks. Frequently, students who are awarded grants and scholarships either fail to register or withdraw from the college or university after beginning. Total refunds and returned grant checks received during 2021 and 2020 were \$74,208 and \$59,975, respectively.

**Property and Equipment** – Property and equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the assets.

Work in progress and software in development are capitalized at cost and begin depreciating once the item(s) are complete and placed into service.

**Cash** – IKIC considers all short-term investments with an original maturity of three months or less to be cash equivalents. IKIC maintains at various financial institutions cash and cash equivalents which may exceed federally insured amounts at times. IKIC has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

**Inventory** – Inventory consists of books and posters and is stated at the lower of cost or net realizable value. Cost is determined using the weighted average method.

**Accrued Expenses** – Accrued expenses primarily consist of amounts for accrued payroll and vacation for IKIC employees.

**Functional Allocation of Expenses** – Certain expenses are charged directly to program services or supporting services based on specific identification of their function. The remaining expenses, such as personnel, facilities operations and maintenance, interest expense, information technology, marketing, and others, are allocated to functional expense categories based on management’s estimates of time and effort.

**Recent Accounting Pronouncements** - In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for leases for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. We are currently evaluating the impact of our pending adoption of the new standard on our financial statements.

**Risk and Uncertainty** - On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which IKIC operates. It is unknown how long these conditions will last and what the complete financial effect will be to IKIC’s financial position, operations, and cash flows.

2. PLEDGES/GRANTS RECEIVABLE:

|                                   | <u>2021</u>       | <u>2020</u>         |
|-----------------------------------|-------------------|---------------------|
| Pledges/Grants receivable due in: |                   |                     |
| Less than one year                | \$ 719,551        | \$ 719,521          |
| One to five years                 | 165,000           | 395,000             |
| Net Pledges Receivable            | <u>\$ 884,551</u> | <u>\$ 1,114,521</u> |

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

3. PROPERTY AND EQUIPMENT:

A summary of property and equipment is as follows:

|                               | <u>2021</u>      | <u>2020</u>      |
|-------------------------------|------------------|------------------|
| Leasehold Improvements        | \$ 110,359       | \$ 110,359       |
| Office Equipment              | 172,791          | 140,087          |
| Software                      | 196,000          | 196,000          |
|                               | <u>479,150</u>   | <u>446,446</u>   |
| Less Accumulated Depreciation | 395,386          | 356,306          |
| Net Property and Equipment    | <u>\$ 83,764</u> | <u>\$ 90,140</u> |

4. RISKS AND UNCERTAINTIES:

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

5. FUNDS HELD BY THE COLUMBUS FOUNDATION:

Contributions received by IKIC are transferred to funds held at The Columbus Foundation both with and without donor restriction for use of IKIC. These funds are subject to the variance power of the Board of Trustees of The Columbus Foundation. The variance power permits The Columbus Foundation's Board of Trustees, in its sole discretion to redirect all or part of the funds' income and/or assets to another organization.

The activity of the funds held at The Columbus Foundation for the years ended June 30, 2021 and 2020 is as follows:

|                                                       | <u>2021</u>          | <u>2020</u>          |
|-------------------------------------------------------|----------------------|----------------------|
| Cash and investments at beginning of year (at market) | \$ 35,071,895        | \$ 35,990,931        |
| Transfers to I Know I Can (net)                       | (1,935,639)          | (2,543,068)          |
| Net interest and dividend income                      | 449,595              | 617,627              |
| Net realized and unrealized gains (losses)            | 9,138,530            | 1,006,405            |
| Cash and investments at end of year (at market)       | <u>\$ 42,724,381</u> | <u>\$ 35,071,895</u> |

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

5. FUNDS HELD BY THE COLUMBUS FOUNDATION (Continued):

The beneficial interest in assets held at The Columbus Foundation was comprised of approximately 60% equity securities, 20% bonds and 20% cash in both 2021 and 2020, as noted below:

|                                              | <u>2021</u>          | <u>2020</u>          |
|----------------------------------------------|----------------------|----------------------|
| Equity Securities                            | \$ 27,783,379        | \$ 21,769,436        |
| Bonds                                        | 9,758,295            | 7,650,928            |
| Cash Equivalents                             | 5,182,707            | 5,651,531            |
| Beneficial interest in assets held by others | <u>\$ 42,724,381</u> | <u>\$ 35,071,895</u> |

6. NET ASSETS WITH DONOR RESTRICTION:

|                                         | <u>2021</u>          | <u>2020</u>          |
|-----------------------------------------|----------------------|----------------------|
| Time restricted for operations          | \$ 65,000            | \$ 200,000           |
| Programs                                | 1,674,190            | 1,215,621            |
| Dream Big scholarships                  | 4,475,949            | 4,954,741            |
| I Know I Can grants                     | 33,812,910           | 26,461,996           |
| Total Net Assets With Donor Restriction | <u>\$ 40,028,049</u> | <u>\$ 32,832,358</u> |

7. EMPLOYEE BENEFIT PLAN:

IKIC has a defined contribution 401(k) retirement plan. Under the plan, eligible employees may contribute a portion of their salary until retirement. IKIC contributions were \$48,877 and \$39,512 in 2021 and 2020, respectively.

8. ASSETS AND LIABILITIES – FAIR VALUE INFORMATION:

In accordance with the Fair Value Measurements and Disclosures Topic of the FASB ASC, all financial instruments that are being measured and reported on a fair value basis must be classified and disclosed in one of the following three categories:

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

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

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

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

8. ASSETS AND LIABILITIES – FAIR VALUE INFORMATION (Continued):

Assets measured at fair value on a recurring basis at June 30, 2021 and 2020 were as follows:

| Description                                  | 2021                 |             |                      |             |
|----------------------------------------------|----------------------|-------------|----------------------|-------------|
|                                              | Total                | Level 1     | Level 2              | Level 3     |
| Beneficial interest in assets held by others | \$ 42,724,381        | \$ -        | \$ 42,724,381        | \$ -        |
| Total Assets                                 | <u>\$ 42,724,381</u> | <u>\$ -</u> | <u>\$ 42,724,381</u> | <u>\$ -</u> |

  

| Description                                  | 2020                 |             |                      |             |
|----------------------------------------------|----------------------|-------------|----------------------|-------------|
|                                              | Total                | Level 1     | Level 2              | Level 3     |
| Beneficial interest in assets held by others | \$ 35,071,895        | \$ -        | \$ 35,071,895        | \$ -        |
| Total Assets                                 | <u>\$ 35,071,895</u> | <u>\$ -</u> | <u>\$ 35,071,895</u> | <u>\$ -</u> |

The level 2 assets listed above were valued using the market approach and were determined using quoted market prices of similar assets.

9. OPERATING LEASES:

IKIC has an operating lease agreement for office space, expiring in 2022. IKIC has the option to renew the lease for an additional term of 5 years.

Minimum lease payments under the lease are as follows:

| Year Ending June 30:                | Amount           |
|-------------------------------------|------------------|
| 2022                                | \$ 81,681        |
| Total Future Minimum Lease Payments | <u>\$ 81,681</u> |

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

IKIC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

10. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued):

The following reflects the IKIC's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of external designations. The accounts receivable is expected to be collected within a one year time frame. Amounts not available would include amounts set aside for time and purpose restrictions.

|                                                                                   | <u>2021</u>          | <u>2020</u>         |
|-----------------------------------------------------------------------------------|----------------------|---------------------|
| Cash and cash equivalents                                                         | \$ 5,028,019         | \$ 4,188,060        |
| Operating receivable                                                              | 915,850              | 85,000              |
| Pledges and grants receivable                                                     | 719,551              | 719,521             |
| Beneficial interest in assets held by others                                      | 42,724,381           | 35,071,895          |
| Total financial assets                                                            | <u>49,387,801</u>    | <u>40,064,476</u>   |
| Donor restrictions                                                                | <u>(38,288,859)</u>  | <u>(31,416,737)</u> |
| Financial Assets Available to Meet Cash<br>Needs for Expenditures Within One Year | <u>\$ 11,098,942</u> | <u>\$ 8,647,739</u> |

11. LONG TERM DEBT:

Long-term debt consisted of the following at June 30:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <u>2021</u>       | <u>2020</u>       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Paycheck Protection Program loan in association with the Coronavirus Aid, Relief, and Economic Security (CARES) Act, with Huntington National Bank, with a fixed interest rate of 1%. Monthly payments of interest and principal in the amount of \$25,218.82 were set to begin on November 21, 2020. Under the terms of the CARES Act, IKIC requested and was approved for forgiveness of the entire loan in fiscal year 2021.                              | \$ -              | \$ 450,365        |
| Paycheck Protection Program loan in association with the Coronavirus Aid, Relief, and Economic Security (CARES) Act, with Huntington National Bank, with a fixed interest rate of 1%. Monthly payments of interest and principal in the amount of \$12,426.87 were set to begin on January 25, 2022. Under the terms of the CARES Act, IKIC can request all or a portion of the loan to be forgiven if IKIC meets certain criteria defined by the CARES Act. | 584,497           | -                 |
| Less current portion of long-term debt                                                                                                                                                                                                                                                                                                                                                                                                                       | <u>67,368</u>     | <u>197,057</u>    |
| Long term debt, net of current                                                                                                                                                                                                                                                                                                                                                                                                                               | <u>\$ 517,129</u> | <u>\$ 253,308</u> |

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NOTES TO FINANCIAL STATEMENTS

June 30, 2021

11. LONG TERM DEBT (Continued):

As of June 30, 2021, long-term debt matures as follows:

| <u>Year Ending June 30:</u> | <u>Amount</u>     |
|-----------------------------|-------------------|
| 2022                        | \$ 67,368         |
| 2023                        | 144,613           |
| 2024                        | 146,065           |
| 2025                        | 147,533           |
| 2026                        | 78,918            |
| Total                       | <u>\$ 584,497</u> |

12. PRIOR YEAR'S FINANCIAL STATEMENTS:

Certain reclassifications of the 2020 comparative information have been made to conform to the 2021 presentation.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 21, 2022, which is the date the financial statements were available to be issued.

As more fully described in Note 11, IKIC received a loan in the amount of \$584,497 as part of the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the terms of the CARES act, IKIC could request forgiveness of all or a portion of the loan if they meet certain criteria. In early March 2022, IKIC received notification that the entire \$584,497 was forgiven.