

**The College Crusade of  
Rhode Island, Inc.**

Financial Statements

June 30, 2021 and 2020



## Independent Auditors' Report

### **Board of Directors The College Crusade of Rhode Island, Inc.**

We have audited the accompanying financial statements of The College Crusade of Rhode Island, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' 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 auditors' 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.

**Board of Directors**  
**The College Crusade of Rhode Island, Inc.**  
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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The College Crusade of Rhode Island, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*PKF O'Connor Davies, LLP*

December 7, 2021

**The College Crusade of Rhode Island, Inc.**

Statements of Financial Position

	June 30,	
<b>ASSETS</b>	2021	2020
Current Assets		
Cash	\$ 950,594	\$ 835,473
Grants receivable	398,051	114,506
Interest receivable	6,024	8,339
Prepaid expenses	39,512	52,476
Total Current Assets	1,394,181	1,010,794
Investments	7,145,663	5,839,973
Property and equipment, net	186,798	113,489
Beneficial interest in assets held by a community foundation	198,347	147,243
	7,530,808	6,100,705
	<b>\$ 8,924,989</b>	<b>\$ 7,111,499</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 355,202	\$ 242,667
Loan payable	-	574,200
Total Liabilities	355,202	816,867
Net Assets		
Without donor restrictions		
Board designated	7,741,627	5,657,727
With donor restrictions	828,160	636,905
Total Net Assets	8,569,787	6,294,632
	<b>\$ 8,924,989</b>	<b>\$ 7,111,499</b>

The College Crusade of Rhode Island, Inc.

Statements of Activities

	Year Ended June 30, 2021			Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Grants, federal	\$ 3,448,453	\$ -	\$ 3,448,453	\$ 3,339,624	\$ -	\$ 3,339,624
Grant, State of Rhode Island	355,000	-	355,000	355,000	-	355,000
Contributions and other grants	373,422	629,813	1,003,235	338,501	426,606	765,107
Special events, net of direct donor benefits of \$0 and \$66,766	-	-	-	55,525	-	55,525
In-kind support	-	-	-	469,947	-	469,947
Net assets released from restrictions	489,662	(489,662)	-	393,793	(393,793)	-
Total Revenue and Support	<u>4,666,537</u>	<u>140,151</u>	<u>4,806,688</u>	<u>4,952,390</u>	<u>32,813</u>	<u>4,985,203</u>
<b>EXPENSES</b>						
Program Services	3,842,803	-	3,842,803	4,624,328	-	4,624,328
Supporting Services						
Fundraising	99,955	-	99,955	94,807	-	94,807
Management and General	692,454	-	692,454	738,702	-	738,702
Total Expenses	<u>4,635,212</u>	<u>-</u>	<u>4,635,212</u>	<u>5,457,837</u>	<u>-</u>	<u>5,457,837</u>
Change in Net Assets from Operations	31,325	140,151	171,476	(505,447)	32,813	(472,634)
<b>OTHER INCOME (EXPENSE)</b>						
Interest and dividends, net	49,033	-	49,033	66,308	-	66,308
Realized and unrealized gain on investments, net	1,429,342	-	1,429,342	365,902	-	365,902
Change in fair value of beneficial interest in assets held by community foundation	-	51,104	51,104	-	(1,348)	(1,348)
Loan forgiveness income	574,200	-	574,200	-	-	-
	<u>2,052,575</u>	<u>51,104</u>	<u>2,103,679</u>	<u>432,210</u>	<u>(1,348)</u>	<u>430,862</u>
Change in Net Assets	2,083,900	191,255	2,275,155	(73,237)	31,465	(41,772)
<b>NET ASSETS</b>						
Beginning of year	<u>5,657,727</u>	<u>636,905</u>	<u>6,294,632</u>	<u>5,730,964</u>	<u>605,440</u>	<u>6,336,404</u>
End of year	<u>\$ 7,741,627</u>	<u>\$ 828,160</u>	<u>\$ 8,569,787</u>	<u>\$ 5,657,727</u>	<u>\$ 636,905</u>	<u>\$ 6,294,632</u>

See Notes to Financial Statements

**The College Crusade of Rhode Island, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services	Supporting Services		Direct Donor Benefits	Total
		Fundraising	Management and General		
Salaries	\$ 2,197,118	\$ 79,699	\$ 232,891	\$ -	\$ 2,509,708
Payroll taxes	190,601	5,933	18,833	-	215,367
Employee benefits	214,899	2,513	19,135	-	236,547
Supplies	69,249	-	-	-	69,249
Other program costs	17,090	-	-	-	17,090
Cost of scholarships	796,929	-	-	-	796,929
Training	19,787	599	5,128	-	25,514
Consultants	261,932	1,363	8,880	-	272,175
Printing	5,908	3,217	333	-	9,458
Advertising	11,234	1,563	902	-	13,699
Occupancy	-	-	168,443	-	168,443
Postage	1,278	718	3,360	-	5,356
Office expense	6,809	472	22,932	-	30,213
Travel	26	18	5	-	49
Professional fees	438	20	47,216	-	47,674
Telephone	21,152	420	12,686	-	34,258
Insurance	-	-	17,584	-	17,584
Dues and subscriptions	28,353	3,420	24,568	-	56,341
Interest expense	-	-	673	-	673
Other expenses	-	-	853	-	853
Depreciation and amortization	-	-	108,032	-	108,032
<b>Total Expenses Before Direct Donor Benefits</b>	<b>3,842,803</b>	<b>99,955</b>	<b>692,454</b>	<b>-</b>	<b>4,635,212</b>
Direct donor benefits	-	-	-	-	-
<b>Total Expenses</b>	<b>\$ 3,842,803</b>	<b>\$ 99,955</b>	<b>\$ 692,454</b>	<b>\$ -</b>	<b>\$ 4,635,212</b>

**The College Crusade of Rhode Island, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2020

	Program Services	Supporting Services		Direct Donor Benefits	Total
		Fundraising	Management and General		
Salaries	\$ 2,198,343	\$ 72,177	\$ 198,057	\$ -	\$ 2,468,577
Payroll taxes	185,490	5,869	16,390	-	207,749
Employee benefits	214,043	7,154	13,213	-	234,410
Supplies	65,695	-	-	23,516	89,211
Transportation	133,237	-	-	-	133,237
Meals	59,431	-	-	18,000	77,431
Other program costs	58,384	-	-	-	58,384
In-kind facilities	469,947	-	-	-	469,947
Cost of scholarships	955,576	-	-	-	955,576
Training	7,685	919	14,735	-	23,339
Consultants	201,201	1,451	23,318	25,250	251,220
Printing	11,687	2,003	1,298	-	14,988
Advertising	425	-	1,327	-	1,752
Occupancy	-	-	169,522	-	169,522
Postage	7,314	956	7,158	-	15,428
Office expense	7,488	232	30,257	-	37,977
Travel	18,579	517	4,126	-	23,222
Professional fees	894	41	72,801	-	73,736
Telephone	9,672	180	15,465	-	25,317
Insurance	-	-	16,970	-	16,970
Dues and subscriptions	19,237	3,308	28,120	-	50,665
Interest expense	-	-	13,979	-	13,979
Other expenses	-	-	215	-	215
Depreciation and amortization	-	-	111,751	-	111,751
<b>Total Expenses Before Direct Donor Benefits</b>	<b>4,624,328</b>	<b>94,807</b>	<b>738,702</b>	<b>66,766</b>	<b>5,524,603</b>
Direct donor benefits	-	-	-	(66,766)	(66,766)
<b>Total Expenses</b>	<b>\$ 4,624,328</b>	<b>\$ 94,807</b>	<b>\$ 738,702</b>	<b>\$ -</b>	<b>\$ 5,457,837</b>

**The College Crusade of Rhode Island, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,275,155	\$ (41,772)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	108,032	111,751
Realized and unrealized gain on investments, net	(1,429,342)	(365,902)
Change in fair value of beneficial interest in assets held by a community foundation	(51,104)	1,348
Loan forgiveness income	(574,200)	-
Changes in operating assets and liabilities		
Grants receivable	(283,545)	398,191
Interest receivable	2,315	628
Prepaid expenses	12,964	38,895
Accounts payable and accrued liabilities	112,535	2,911
Net Cash from Operating Activities	172,810	146,050
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(522,907)	(1,349,075)
Proceeds from sales of investments	646,559	1,502,138
Purchases of property and equipment	(181,341)	(21,184)
Net Cash from Investing Activities	(57,689)	131,879
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in line of credit	-	(436,025)
Proceeds from loan payable	-	574,200
Net Cash from Financing Activities	-	138,175
Net Change in Cash	115,121	416,104
<b>CASH</b>		
Beginning of year	835,473	419,369
End of year	\$ 950,594	\$ 835,473
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid for interest	\$ 673	\$ 13,979

See Notes to Financial Statements



## The College Crusade of Rhode Island, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 1. Nature of Organization

The College Crusade of Rhode Island, Inc. (the "Organization") is a Rhode Island not-for-profit organization formed in November 1989 for the purpose of fostering the education of economically disadvantaged youth through Crusader support programs for parents and students along with student scholarship awards. The Organization receives a substantial portion of its support from federal grant funding.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Accounting and Use of Estimates***

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 these estimates.

#### ***Basis of Presentation***

The Organization records resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This category may also include amounts designated by the Board of Directors for specific purposes.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the contribution is received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. 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.

#### ***Cash Equivalents***

Except for those cash equivalents which are included in the Organization's investment portfolio which are held for long-term investment purposes, cash and cash equivalents include cash balances held in bank accounts and highly liquid debt instruments with maturities of three months or less at the time of purchase. The Organization has no cash equivalents at June 30, 2021 and 2020.

## The College Crusade of Rhode Island, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Grants Receivable***

The Organization carries its grants receivable at net realizable value. On a periodic basis, the Organization evaluates its grants receivable and establishes an allowance for doubtful accounts, based on a history of past bad debt expense and collections and current credit conditions.

The Organization does not accrue interest on grants receivable. A receivable is considered past due if payment has not been received within stated terms. The Organization will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged to bad debt expense.

#### ***Fair Value Measurements***

The Organization follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

*Corporate bonds, asset backed securities, and preferred stock:* Values utilized for these securities are obtained from an observable independent third-party pricing service that derives the prices through the use of recently reported trades for identical or similar securities with adjustments for trading volumes and market observable information through the reporting date.

*Common stocks and U.S. Treasury securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Beneficial interest in assets held by community foundation:* Carried at fair value of the underlying assets, as reported by the foundation, which is considered a Level 3 measurement.

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

## The College Crusade of Rhode Island, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Investments and Investment Income Recognition***

Investments consist principally of equity and debt securities that are traded or listed on national exchanges. Investments are carried at fair value. Dividends, interest and net gains (losses) on investments are included in the determination of net assets without donor restrictions. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Investment gain (loss) includes the Organization's gains and losses on investments bought and sold as well as held during the year. Investments are primarily held to pay future scholarships for participants of the Gaining Early Awareness and Readiness for Undergraduate Programs ("GEAR UP") grant.

#### ***Property and Equipment***

Property and equipment are reported at cost. The Organization capitalizes any furniture, fixtures and office equipment over \$2,000 and any leasehold improvements and computers over \$5,000. Depreciation is provided using the straight-line method over estimated useful lives of 3 to 5 years. Leasehold improvements are amortized over the shorter of the term of the lease inclusive of expected renewals or their estimated useful lives. Expenditures for maintenance and repairs are expensed as incurred. Expenditures that improve or extend the estimated useful lives are capitalized.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the asset is placed in service, at which time the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions.

#### ***Compensated Absences***

Employees can accrue up to 140 hours of vacation time based on years of employment at the Organization. Employees are entitled to receive full pay for the number of vacation days accrued at the time of termination. Employees' sick leave is not accrued and does not vest. Accordingly, employees may only utilize sick time when sick or when appropriately approved for personal reasons. At June 30, 2021 and 2020, accrued compensated absences included in accounts payable and accrued expenses on the accompanying statements of financial position were \$112,370 and \$106,152.

## The College Crusade of Rhode Island, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Contributions***

Unconditional contributions are recognized as support when received or pledged, if applicable. Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of such assets.

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 discount on those amounts is computed using a risk adjusted interest rate applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue.

Contributions received whose use is contingent upon the occurrence of a future event are deferred until the condition is substantially met, at which time they are recognized as support. Conditional promises to give are not recognized as support until the conditions are substantially met. The Organization has conditional promises to give that have not yet been recognized as revenue at June 30, 2021 of \$380,000. Such promises were determined to be conditional under U.S. GAAP because the stipulations in the grant agreements ultimately prevent recognition of the promise as contribution revenue until such funds under the promises are received by the Organization because the donor can rescind the pledge at any time prior to payment.

#### ***Grants***

Revenue from grants and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue on the statements of financial positions.

#### ***In-kind Contributions***

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received.

#### ***Functional Expenses***

The expenses incurred on behalf of the various programs and activities of the Organization have been summarized on a functional basis on the statements of activities and statements of functional expenses. Salaries are allocated based upon the hours charged to the related cost center by the employee.

## The College Crusade of Rhode Island, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Operating Measure***

The statements of activities separately reports changes in net assets from operating and non-operating activities. Operating activities consist principally of revenues and expenses relating to ongoing activities. Non-operating activities include investment return, and changes in the fair value of beneficial interest in assets held by a community foundation, and loan forgiveness income.

#### ***Income Taxes and Accounting for Uncertainty in Income Taxes***

Except for taxes that may be due for unrelated business income, the Organization is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code and from state and local income taxes under comparable laws.

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization has no uncertain tax positions that would require financial statement recognition and/or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to fiscal 2018.

#### ***Accounting Pronouncement to be Adopted***

##### ***Leases***

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. This update requires all leases with a term greater than 12 months to be recognized on the statements of financial position through a right-of-use asset and a lease liability. This ASU is effective for years beginning after December 15, 2021 and early adoption is permitted. Management continues to evaluate the potential impact of this update on the financial statements and related disclosures.

##### ***Contributed Nonfinancial Assets***

The FASB issued ASU 2020-07 – *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets* to clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The ASU does not change existing recognition and measurement requirements for contributed nonfinancial assets. The new ASU is effective for annual reporting periods beginning after June 15, 2021 with early adoption permitted. Management continues to evaluate the potential impact of this update on the financial statements and related disclosures.

#### ***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 December 7, 2021.

## The College Crusade of Rhode Island, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 3. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit and market risk consist principally of cash, investments and grants receivable. The Organization may have cash on deposit with financial institutions which from time to time that may exceed the Federal Deposit Insurance Corporation limit. The Organization does not believe that a significant risk of loss due to the failure of a financial institution presently exists. Concentrations of credit risk with respect to receivables are limited due to the fact that receivables are due from governmental entities. The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment represents a significant concentration of credit risk.

### 4. Assets Measured at Fair Value

The following table sets forth by level, within the fair value hierarchy, the Organization's investments and beneficial interest in assets held by a community foundation at fair value presented in the statement of financial position as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 194,120	\$ -	\$ 194,120
U.S. Treasury Securities	1,037,683	-	-	1,037,683
Asset backed securities	-	96,569	-	96,569
Common stocks	5,442,569	-	-	5,442,569
Beneficial interest in assets held by community foundation	-	-	198,347	198,347
	<u>\$ 6,480,252</u>	<u>\$ 290,689</u>	<u>\$ 198,347</u>	<u>\$ 6,969,288</u>
Cash equivalents				374,722
				<u>\$ 7,344,010</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments and beneficial interest in assets held by a community foundation at fair value presented in the statement of financial position as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ 212,642	\$ -	\$ 212,642
U.S. Treasury Securities	1,261,582	-	-	1,261,582
Asset backed securities	-	163,770	-	163,770
Common stocks	4,078,885	-	-	4,078,885
Beneficial interest in assets held by community foundation	-	-	147,243	147,243
	<u>\$ 5,340,467</u>	<u>\$ 376,412</u>	<u>\$ 147,243</u>	<u>\$ 5,864,122</u>
Cash equivalents				123,094
				<u>\$ 5,987,216</u>

## The College Crusade of Rhode Island, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 4. Assets Measured at Fair Value *(continued)*

The following is a reconciliation of activity for the years ended June 30, 2021 and 2020 for the beneficial interest in a community foundation (Note 6), which is valued using Level 3 inputs:

	2021	2020
Balance, beginning of year	\$ 147,243	\$ 148,591
Investment return, net of fees	51,104	(1,348)
Balance, end of year	<u>\$ 198,347</u>	<u>\$ 147,243</u>

### 5. Property and Equipment

Property and equipment consists of the following as of June 30:

	2021	2020
Leasehold improvements	\$ 129,208	\$ 129,208
Furniture and fixtures	597,472	522,116
Projects in progress	105,985	-
	<u>832,665</u>	<u>651,324</u>
Accumulated depreciation and amortization	<u>(645,867)</u>	<u>(537,835)</u>
	<u>\$ 186,798</u>	<u>\$ 113,489</u>

### 6. Beneficial Interest in a Community Foundation

The Organization is the income beneficiary of third party perpetual trusts. Perpetual trusts are valued based upon the fair value of the assets contributed to the trust which approximates the fair value of the beneficial interest in the trust. The Organization is the income beneficiary under these perpetual trusts, the corpus of which is not controlled by the management of the Organization. In the absence of donor-imposed conditions, the Organization recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits. Although the Organization has no control over the administration of the investment of the funds held in this trust, the fair value of the Organization's beneficial interest is recognized in the financial statements.

### 7. Line of Credit

The Organization has a \$1,200,000 line of credit agreement with a financial institution that expires April 2, 2022. The line of credit provides the Organization with cash flow for the GEAR UP program until such time as the Organization is reimbursed. Interest is payable monthly at the greater of either the one-month London Interbank Offered Rate plus 3.00% (3.17% at June 30, 2021) or the Index Floor (1.25%) plus 3.00% (4.25% at June 30, 2021). The Organization had no balance outstanding on the line of credit at June 30, 2021 and 2020.

## The College Crusade of Rhode Island, Inc.

Notes to Financial Statements  
June 30, 2021 and 2020

### 8. Loan Payable

On April 30, 2020, the Organization received loan proceeds in the amount of \$574,200 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period between eight and twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors.

As of June 30, 2020, the PPP loan is recognized as a debt on the statements of financial position. The United States Small Business Association ("SBA") notified the Organization that the PPP loan had been forgiven during the year ended June 30, 2021. The Organization recognized the income from the forgiveness of the PPP loan upon notification from the SBA in accordance with Accounting Standards Codification 470 *Debt*.

### 9. Board Designated Net Assets

The Board of Directors voted to designate all net assets without donor restrictions for the purpose of scholarship and operations reserve.

### 10. Net Assets With Donor Restrictions

At June 30, 2021 and 2020, the Organization has net assets restricted to use for certain programmatic pursuits of \$629,813 and \$489,662, with net assets released from restriction of \$489,662 and \$393,793 for each of the years then ended. Additionally, at June 30, 2021 and 2020, the Organization has net assets restricted in perpetuity with the earnings to be used for certain programmatic pursuits of \$198,347 and \$147,243.

### 11. In-kind Support

Schools and community centers, where services related to the federal grant programs are performed, donate personnel, certain program costs and the use of space as in-kind support to the Organization.

For the year ended June 30, 2020, the estimated value of in-kind support for donated personnel, certain program costs, and the use of space was \$469,947, and is recorded in the accompanying statement of activities as in-kind support and included in grant program expense. The Organization did not receive any in-kind support during the year ended June 30, 2021 as a result of modifications to the operation of GEAR UP in response to COVID-19 restrictions.



## The College Crusade of Rhode Island, Inc.

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### 12. Operating Leases

On January 4, 2018, the Organization extended its lease for office space under a four-year noncancelable operating lease that expires on December 31, 2021. Rent expense of \$147,450 and \$145,200 for the years ended June 30, 2021 and 2020, is included in occupancy costs on the accompanying statements of functional expenses. In September of 2021 the Organization extended its lease through June 30, 2022.

The Organization also leases office equipment under noncancelable operating leases expiring at various dates through November 2022. Lease expense for both of the years ended June 30, 2021 and 2020 was \$12,984.

The future minimum lease payments under all noncancelable operating leases are as follows for the fiscal years ending June 30:

2022	\$	80,219
2023		<u>935</u>
	\$	<u>81,154</u>

### 13. Scholarship Program

Through the accumulation of funds and federal awards received indirectly from the United States Department of Education under the GEAR UP, the Organization will award scholarships for post-secondary studies to eligible students. Scholarship awards are granted on a year-to-year basis. The Organization's scholarship amount to four-year colleges and universities and proprietary trade schools and certificate programs for 2021 were tied to the Organization Board maximum authorized scholarship amount of \$4,500 per awardee. The Organization's scholarship amount for two-year colleges for 2021 was tied to the Organization Board maximum authorized scholarship amount at the time of matriculation, currently \$2,585 per awardee. In the Organization's sole judgment, if not enough money is available to meet all of the Organization's current or future financial obligations, the Organization's paid scholarships may be reduced as the Organization deems appropriate, but not below the minimum Pell grant threshold which was \$650 per awardee for the 2020-2021 school year.

As part of the GEAR UP award, the Organization will be required to pay the minimum Pell grant threshold one time on behalf of each participant in the program during their post-secondary education. The Organization performed an actuarial study to estimate its minimum commitment for all participants in the program at the time of the actuarial study, February 2020, and all estimated participants expected to enroll in the program through the end of the current GEAR UP grant agreement of September 25, 2024. The commitment estimate is adjusted for the potential years in which participants would utilize the scholarship and estimated expected increases in the minimum Pell grant threshold in the future years in which utilization is expected. The estimated commitment at June 30, 2021 was calculated to be approximately \$2,880,000, which in accordance with U.S. GAAP, has not been reflected as a liability in the accompanying statement of financial position.

## **The College Crusade of Rhode Island, Inc.**

Notes to Financial Statements  
June 30, 2021 and 2020

### **14. Outside Scholarship Agreements**

The Organization has obtained scholarship agreements from twenty colleges and universities. The college and university scholarship agreements are tied to the Organization's Board of Directors authorized tiered scholarship amounts at the time of matriculation, with certain exceptions in which the college or university establish their own scholarship rate.

The value of these scholarship agreements has not been recorded in the Organization's financial statements since they are considered an intention to give rather than a legal obligation to give, final awards are received directly by the students and awards are considered highly contingent. Because the scholarship is between the student and the college or university, the financial impact of the scholarships provided in the period provided are not reflected in the Organization's financial statements as either revenue or expense.

### **15. Pension Plan**

The Organization maintains an employee benefit plan qualified under Internal Revenue Code Section 403(b) covering substantially all employees of the Organization meeting necessary eligibility requirements. The Organization may elect to make matching contributions during the year. Contributions made to the Plan for the years ended June 30, 2021 and 2020 were \$56,401 and \$34,350.

### **16. Economic Dependency**

The Organization's principal source of revenue has been derived from a grant with the Rhode Island Office for Higher Education funded by GEAR UP. Under this grant agreement, the Organization earned 93% and 90% of federal and state grant revenue reported for the years ended June 30, 2021 and 2020 on the accompanying statement of activities. At June 30, 2021 and 2020, amounts due under this grant comprised 90% and 96% of grants receivable reported on the accompanying statements of financial position.

### **17. Financial Assets and Liquidity Resources**

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

**The College Crusade of Rhode Island, Inc.**

Notes to Financial Statements  
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**17. Financial Assets and Liquidity Resources (continued)**

As of June 30, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditure were as follows:

	2021	2020
Financial assets:		
Cash	\$ 950,594	\$ 835,473
Grants receivable	398,051	114,506
Interest receivable	6,024	8,339
Investments	7,145,663	5,839,973
Total financial assets available within one year	8,500,332	6,798,291
Liquidity resources:		
Available borrowings on bank line of credit	1,200,000	1,200,000
Less: Financial Assets with:		
Donor-imposed restrictions as to time and/or purpose	629,813	489,662
Board deisignations	7,741,627	5,657,727
Total financial assets and liquidity resources available within one year	\$ 1,328,892	\$ 1,850,902

The Organization is typically able to manage liquidity with its cash reserves, however, should those reserves prove inadequate, the Organization has a line of credit with a bank upon which funds can be drawn (Note 7).

The Organization's governing board has designated all of its unrestricted resources for certain specific purposes (Note 9). Those amounts are identified as board designations in the table above. Those amounts could be utilized in the event of an unanticipated liquidity need.

**18. Contingency**

The Organization's operations and financial performance has been affected by the recent coronavirus outbreak which has spread globally and has adversely affected economic conditions throughout the world. The Organization has taken prudent measures to manage expenses and alter its program services offered to students while following all COVID-19 guidelines. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future changes in net assets, cash flows, or financial condition.

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