

**Exodus School  
(dba The East Harlem School  
at Exodus House)**

Financial Report  
August 31, 2020

## Contents

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|                                   |      |
|-----------------------------------|------|
| Independent auditor's report      | 1-2  |
| <hr/>                             |      |
| Financial statements              |      |
| Statements of financial position  | 3    |
| Statements of activities          | 4-5  |
| Statements of functional expenses | 6-7  |
| Statements of cash flows          | 8    |
| Notes to financial statements     | 9-21 |
| Supplementary information         |      |
| Schedule of per student costs     | 22   |

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RSM US LLP

## Independent Auditor's Report

Board of Trustees  
Exodus School

### Report on the Financial Statements

We have audited the accompanying financial statements of Exodus School, which comprise the statement of financial position as of August 31, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Exodus School as of August 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule of per student costs on page 22 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*RSM US LLP*

New York, New York  
December 7, 2020

**Exodus School**  
**(dba The East Harlem School at Exodus House)**

**Statement of Financial Position**  
**August 31, 2020 and 2019**

|   | 2020                 | 2019                 |
|---|----------------------|----------------------|
| <b>Assets</b>                                       |                      |                      |
| Current assets:                                     |                      |                      |
| Cash  | \$ 399,148           | \$ 107,809           |
| Contributions receivable, net                       | -                    | 40,000               |
| Accounts receivable                                 | 2,907                | -                    |
| Prepaid expenses and other assets                   | 77,931               | 105,526              |
| Investments   | 1,782,097            | 2,113,888            |
| <b>Total current assets</b>                         | <b>2,262,083</b>     | <b>2,367,223</b>     |
| Noncurrent assets:                                  |                      |                      |
| Security deposit and other assets                   | 11,989               | 11,989               |
| Investments   | 5,738,923            | 5,264,592            |
| Property and equipment, net                         | 7,714,615            | 7,774,899            |
| <b>Total assets</b>                                 | <b>\$ 15,727,610</b> | <b>\$ 15,418,703</b> |
| <b>Liabilities and Net Assets</b>                   |                      |                      |
| Current liabilities:                                |                      |                      |
| Accounts payable and accrued expenses               | \$ 9,521             | \$ 16,854            |
| Tuition advances                                    | 1,113                | 28,243               |
| Current portion of Paycheck Protection Program loan | 45,597               | -                    |
| <b>Total current liabilities</b>                    | <b>56,231</b>        | <b>45,097</b>        |
| Noncurrent liabilities:                             |                      |                      |
| Paycheck Protection Program loan                    | 315,471              | -                    |
| <b>Total liabilities</b>                            | <b>371,702</b>       | <b>45,097</b>        |
| Net assets:   |                      |                      |
| Without donor restrictions:                         |                      |                      |
| Undesignated  | 1,573,085            | 1,962,165            |
| Board-designated for endowment                      | 5,661,121            | 5,210,103            |
| Invested in property and equipment                  | 7,714,615            | 7,774,899            |
| <b>Total without donor restrictions</b>             | <b>14,948,821</b>    | <b>14,947,167</b>    |
| With donor restrictions:                            |                      |                      |
| Purpose and time restricted                         | 207,087              | 226,439              |
| Perpetual in nature                                 | 200,000              | 200,000              |
| <b>Total with donor restrictions</b>                | <b>407,087</b>       | <b>426,439</b>       |
| <b>Total net assets</b>                             | <b>15,355,908</b>    | <b>15,373,606</b>    |
| <b>Total liabilities and net assets</b>             | <b>\$ 15,727,610</b> | <b>\$ 15,418,703</b> |

See notes to financial statements.

**Exodus School**  
**(dba The East Harlem School at Exodus House)**

**Statement of Activities**  
**Year Ended August 31, 2020**  
**(With Summarized Comparative Information for the Year Ended August 31, 2019)**

|   | 2020                         |                           |                  | 2019             |
|---|------------------------------|---------------------------|------------------|------------------|
|   | Without Donor<br>Restriction | With Donor<br>Restriction | Total            | Total            |
| Operating revenue:  |                              |                           |                  |                  |
| Contributions   | \$ 1,437,921                 | \$ 214,245                | \$ 1,652,166     | \$ 1,046,405     |
| Benefit income, net of direct expenses<br>of \$66,567 in 2020 and \$152,216 in 2019 | 270,555                      | -                         | 270,555          | 826,355          |
| Program services  | 96,154                       | -                         | 96,154           | 106,729          |
| Government grants   | 47,818                       | -                         | 47,818           | 125,666          |
| Net investment return   | 15,961                       | -                         | 15,961           | 40,921           |
| Contributed services and equipment  | 226,563                      | -                         | 226,563          | 79,660           |
| Miscellaneous income  | 658                          | -                         | 658              | 635              |
| Endowment distribution for operations   | 213,836                      | 11,255                    | 225,091          | 222,509          |
| Net assets released from restrictions   | 269,250                      | (269,250)                 | -                | -                |
| <b>Total operating revenue</b>  | <b>2,578,716</b>             | <b>(43,750)</b>           | <b>2,534,966</b> | <b>2,448,880</b> |
| Expenses:   |                              |                           |                  |                  |
| Program services  | 2,317,049                    | -                         | 2,317,049        | 2,261,792        |
| Fund development  | 153,640                      | -                         | 153,640          | 290,017          |
| Management and general  | 261,685                      | -                         | 261,685          | 267,225          |
| <b>Total operating expenses</b>   | <b>2,732,374</b>             | <b>-</b>                  | <b>2,732,374</b> | <b>2,819,034</b> |
| <b>Change in net assets<br/>from operations</b>                                     | <b>(153,658)</b>             | <b>(43,750)</b>           | <b>(197,408)</b> | <b>(370,154)</b> |
| Nonoperating:   |                              |                           |                  |                  |
| Endowment distribution for operations   | (213,836)                    | (11,255)                  | (225,091)        | (222,509)        |
| Net investment return   | 664,854                      | 35,653                    | 700,507          | 149,597          |
| <b>Change in net assets from<br/>nonoperating</b>                                   | <b>451,018</b>               | <b>24,398</b>             | <b>475,416</b>   | <b>(72,912)</b>  |
| Depreciation and amortization   | (293,232)                    | -                         | (293,232)        | (298,791)        |
| Loss on disposal of property and equipment  | (2,474)                      | -                         | (2,474)          | -                |
| <b>Change in net assets</b>   | <b>1,654</b>                 | <b>(19,352)</b>           | <b>(17,698)</b>  | <b>(741,857)</b> |
| Net assets:   |                              |                           |                  |                  |
| Beginning   | 14,947,167                   | 426,439                   | 15,373,606       | 16,115,463       |
| Ending  | \$ 14,948,821                | \$ 407,087                | \$ 15,355,908    | \$ 15,373,606    |

See notes to financial statements.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Statement of Activities  
Year Ended August 31, 2019**

|  | 2019                         |                           |                  |
|--|------------------------------|---------------------------|------------------|
|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total            |
| Operating revenue:                                     |                              |                           |                  |
| Contributions  | \$ 600,027                   | \$ 446,378                | \$ 1,046,405     |
| Benefit income, net of direct expenses<br>of \$152,216 | 826,355                      | -                         | 826,355          |
| Program services                                       | 106,729                      | -                         | 106,729          |
| Government grants                                      | 125,666                      | -                         | 125,666          |
| Net investment return                                  | 40,921                       | -                         | 40,921           |
| Contributed services                                   | 79,660                       | -                         | 79,660           |
| Miscellaneous income                                   | 635                          | -                         | 635              |
| Endowment distribution for operations                  | 211,384                      | 11,125                    | 222,509          |
| Net assets released from restrictions                  | 518,754                      | (518,754)                 | -                |
| <b>Total operating revenue</b>                         | <b>2,510,131</b>             | <b>(61,251)</b>           | <b>2,448,880</b> |
| Expenses:  |                              |                           |                  |
| Program services                                       | 2,261,792                    | -                         | 2,261,792        |
| Fund development                                       | 290,017                      | -                         | 290,017          |
| Management and general                                 | 267,225                      | -                         | 267,225          |
| <b>Total operating expenses</b>                        | <b>2,819,034</b>             | <b>-</b>                  | <b>2,819,034</b> |
| <b>Change in net assets<br/>from operations</b>        | <b>(308,903)</b>             | <b>(61,251)</b>           | <b>(370,154)</b> |
| Nonoperating:  |                              |                           |                  |
| Bad debts  | -                            | -                         | -                |
| Endowment distribution for operations                  | (211,384)                    | (11,125)                  | (222,509)        |
| Net investment return                                  | 141,988                      | 7,609                     | 149,597          |
| Expenses - miscellaneous                               |                              |                           |                  |
| <b>Change in net assets from<br/>nonoperating</b>      | <b>(69,396)</b>              | <b>(3,516)</b>            | <b>(72,912)</b>  |
| Depreciation and amortization                          | (298,791)                    | -                         | (298,791)        |
| <b>Change in net assets</b>                            | <b>(677,090)</b>             | <b>(64,767)</b>           | <b>(741,857)</b> |
| Net assets:  |                              |                           |                  |
| Beginning  | 15,624,257                   | 491,206                   | 16,115,463       |
| Ending   | \$ 14,947,167                | \$ 426,439                | \$ 15,373,606    |

See notes to financial statements.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Statement of Functional Expenses  
Year Ended August 31, 2020  
(With Summarized Comparative Information for the Year Ended August 31, 2019)**

|   | 2020                |                     |                              |                                 | 2019                |                     |
|---|---------------------|---------------------|------------------------------|---------------------------------|---------------------|---------------------|
|   | Program<br>Services | Supporting Services |                              |                                 | Total               | Total               |
|   |                     | Fund<br>Development | Management<br>and<br>General | Total<br>Supporting<br>Services |                     |                     |
| Salaries and related costs                    | \$ 1,804,269        | \$ 67,760           | \$ 176,874                   | \$ 244,634                      | \$ 2,048,903        | \$ 2,052,186        |
| Administrative processing expenses            | -                   | -                   | 15,188                       | 15,188                          | 15,188              | 13,505              |
| Benefit event expenses - indirect             | -                   | 20,443              | -                            | 20,443                          | 20,443              | 46,698              |
| Contributed services                          | 46,339              | 225                 | -                            | 225                             | 46,564              | 79,660              |
| Dues and fees                                 | -                   | -                   | 1,343                        | 1,343                           | 1,343               | 1,353               |
| Food service                                  | 150,465             | -                   | -                            | -                               | 150,465             | 92,797              |
| Insurance                                     | 48,553              | 4,687               | 2,696                        | 7,383                           | 55,936              | 54,277              |
| Office supplies                               | 24,069              | 2,324               | 1,336                        | 3,660                           | 27,729              | 34,746              |
| Postage and delivery                          | 3,364               | 325                 | 187                          | 512                             | 3,876               | 3,452               |
| Professional services                         | -                   | 40,406              | 60,110                       | 100,516                         | 100,516             | 71,263              |
| Program services                              | 56,538              | -                   | -                            | -                               | 56,538              | 111,014             |
| Public relations and marketing                | -                   | 3,098               | -                            | 3,098                           | 3,098               | 5,721               |
| Repair and maintenance                        | 65,349              | 2,085               | 2,086                        | 4,171                           | 69,520              | 107,578             |
| Staff development and training                | 5,761               | 557                 | 320                          | 877                             | 6,638               | 6,046               |
| Technology                                    | 50,268              | 4,851               | 2,790                        | 7,641                           | 57,909              | 52,774              |
| Telephone                                     | 5,108               | 493                 | 284                          | 777                             | 5,885               | 4,653               |
| Travel and entertainment                      | 808                 | 964                 | 266                          | 1,230                           | 2,038               | 1,631               |
| Utilities                                     | 56,158              | 5,422               | 3,118                        | 8,540                           | 64,698              | 76,539              |
| Unrelated business income tax                 | -                   | -                   | (4,913)                      | (4,913)                         | (4,913)             | 3,141               |
| <b>Total operating expenses</b>               | <b>2,317,049</b>    | <b>153,640</b>      | <b>261,685</b>               | <b>415,325</b>                  | <b>2,732,374</b>    | <b>2,819,034</b>    |
| Benefit expenses - direct                     | -                   | 66,567              | -                            | 66,567                          | 66,567              | 152,216             |
| Depreciation and amortization                 | 254,526             | 24,573              | 14,133                       | 38,706                          | 293,232             | 298,791             |
| Loss on disposal of property<br>and equipment | 2,149               | 206                 | 119                          | 325                             | 2,474               | -                   |
| <b>Total expenses</b>                         | <b>\$ 2,573,724</b> | <b>\$ 244,986</b>   | <b>\$ 275,937</b>            | <b>\$ 520,923</b>               | <b>\$ 3,094,647</b> | <b>\$ 3,270,041</b> |

See notes to financial statements.



**Exodus School  
(dba The East Harlem School at Exodus House)**

**Statement of Functional Expenses  
Year Ended August 31, 2019**

|                                    | 2019                |                     |                              |                   |                                 | Total |
|------------------------------------|---------------------|---------------------|------------------------------|-------------------|---------------------------------|-------|
|                                    | Program<br>Services | Fund<br>Development | Supporting Services          |                   | Total<br>Supporting<br>Services |       |
|                                    |                     |                     | Management<br>and<br>General |                   |                                 |       |
| Salaries and related costs         | \$ 1,678,493        | \$ 197,408          | \$ 176,285                   | \$ 373,693        | \$ 2,052,186                    |       |
| Administrative processing expenses | -                   | -                   | 13,505                       | 13,505            | 13,505                          |       |
| Benefit event expenses - indirect  | -                   | 46,698              | -                            | 46,698            | 46,698                          |       |
| Contributed services               | 75,118              | 3,326               | 1,216                        | 4,542             | 79,660                          |       |
| Dues and fees                      | -                   | -                   | 1,353                        | 1,353             | 1,353                           |       |
| Food service                       | 92,797              | -                   | -                            | -                 | 92,797                          |       |
| Insurance                          | 47,113              | 4,548               | 2,616                        | 7,164             | 54,277                          |       |
| Office supplies                    | 30,159              | 2,912               | 1,675                        | 4,587             | 34,746                          |       |
| Postage and delivery               | 2,831               | 462                 | 159                          | 621               | 3,452                           |       |
| Professional services              | -                   | 14,153              | 57,110                       | 71,263            | 71,263                          |       |
| Program services                   | 111,014             | -                   | -                            | -                 | 111,014                         |       |
| Public relations and marketing     | 747                 | 4,974               | -                            | 4,974             | 5,721                           |       |
| Repair and maintenance             | 101,126             | 3,226               | 3,226                        | 6,452             | 107,578                         |       |
| Staff development and training     | 5,247               | 507                 | 292                          | 799               | 6,046                           |       |
| Technology                         | 45,808              | 4,423               | 2,543                        | 6,966             | 52,774                          |       |
| Telephone                          | 4,039               | 390                 | 224                          | 614               | 4,653                           |       |
| Travel and entertainment           | 864                 | 576                 | 191                          | 767               | 1,631                           |       |
| Utilities                          | 66,436              | 6,414               | 3,689                        | 10,103            | 76,539                          |       |
| Unrelated business income tax      | -                   | -                   | 3,141                        | 3,141             | 3,141                           |       |
| <b>Total operating expenses</b>    | <b>2,261,792</b>    | <b>290,017</b>      | <b>267,225</b>               | <b>557,242</b>    | <b>2,819,034</b>                |       |
| Benefit expenses - direct          | -                   | 152,216             | -                            | 152,216           | 152,216                         |       |
| Depreciation and amortization      | 259,350             | 25,039              | 14,402                       | 39,441            | 298,791                         |       |
| <b>Total expenses</b>              | <b>\$ 2,521,142</b> | <b>\$ 467,272</b>   | <b>\$ 281,627</b>            | <b>\$ 748,899</b> | <b>\$ 3,270,041</b>             |       |

See notes to financial statements.

**Exodus School**  
**(dba The East Harlem School at Exodus House)**

**Statement of Cash Flows**  
**Years Ended August 31, 2020 and 2019**

|   | 2020             | 2019             |
|---|------------------|------------------|
| Cash flows from operating activities:   |                  |                  |
| Change in net assets  | \$ (17,698)      | \$ (741,857)     |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                  |                  |
| Depreciation and amortization   | 293,232          | 298,791          |
| Realized/unrealized gain on investments   | (539,814)        | 87,455           |
| Loss on disposal of property and equipment  | 2,474            | -                |
| Donated property and equipment  | (180,000)        | -                |
| Decrease (increase) in operating assets:  |                  |                  |
| Prepaid expenses and other assets   | 27,595           | (16,699)         |
| Accounts receivable   | (2,907)          | 7,223            |
| Contributions receivable  | 40,000           | 90,000           |
| (Decrease) increase in operating liabilities:   |                  |                  |
| Accounts payable and accrued expenses   | (7,333)          | 9,067            |
| Tuition advances  | (27,130)         | (1,373)          |
| <b>Net cash used in operating activities</b>  | <b>(411,581)</b> | <b>(267,393)</b> |
| <br>  |                  |                  |
| Purchases of investments  | (827,818)        | (2,475,486)      |
| Proceeds from sale of investments   | 1,225,092        | 2,696,880        |
| Purchases of property and equipment   | (55,422)         | (17,744)         |
| <b>Net cash provided by investing activities</b>  | <b>341,852</b>   | <b>203,650</b>   |
| <br>  |                  |                  |
| Cash flows from financing activities:   |                  |                  |
| Proceeds from Paycheck Protection Program loan  | 361,068          | -                |
| <b>Net cash provided by financing activities</b>  | <b>361,068</b>   | <b>-</b>         |
| <br>  |                  |                  |
| <b>Net increase (decrease) in cash and cash equivalents</b>                             | <b>291,339</b>   | <b>(63,743)</b>  |
| <br>  |                  |                  |
| Cash:   |                  |                  |
| Beginning   | 107,809          | 171,552          |
| Ending  | \$ 399,148       | \$ 107,809       |
| <br>  |                  |                  |
| Supplemental disclosure:  |                  |                  |
| Cash paid during the year for unrelated business income tax                             | \$ -             | \$ 3,141         |
| <br>  |                  |                  |
| Supplemental schedule of noncash investing activity:                                    |                  |                  |
| Donated property and equipment  | \$ 180,000       | \$ -             |

See notes to financial statements.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 1. Organization**

Exodus School (dba The East Harlem School at Exodus House) (the School) is a tax-exempt (under Section 501(c)(3) of the Internal Revenue Code (IRC)) nonprofit school incorporated by a charter from The University of the State of New York Education Department as an educational corporation in 1993. The School is a year-round middle school that teaches children from low-income families in Harlem and other parts of New York City to develop academic excellence, moral integrity, courtesy and an unshakeable commitment to their future and the fate of their community.

The School originally operated in a building owned by Exodus House, Inc., a New York nonprofit corporation. All of the current trustees of Exodus House, Inc. are also trustees of the School. In 2004, Exodus House, Inc. entered into a lease agreement with the School whereby the property was leased by Exodus House, Inc. to the School for a term of 49 years at a nominal amount. The building was subsequently torn down.

The School completed a \$12.1 million capital campaign to build a new facility on the site. The campaign was accomplished through a fundraising and communications campaign led by the School's board of trustees and Capital Campaign Committee. The building was completed and occupied by the School in December 2008.

This 30,000 square foot facility provides room for the student population of approximately 150 students, enhances academic and extracurricular instruction, allows the School to gather as a full community and serves as a national model for the School's peers. The lease remains in effect for the land on which the new building sits.

The School currently has a \$5.9 million endowment, which includes approximately \$5.6 million of board-designated unrestricted net assets; \$1.4 million of this endowment is derived from the excess of the School's \$12.1 million capital campaign revenue over the \$10.7 million cost to build the new facility. The remaining \$4.5 million represents a board-designated endowment that has been funded by annual operating surpluses and endowment earnings.

**Note 2. Summary of Significant Accounting Policies**

**Basis of presentation:** The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Estimates:** The preparation of financial statements in conformity with U.S. GAAP 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Cash:** The School maintains its cash in bank deposits at one high-credit quality financial institution. The balances, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Investments and investment returns:** Investments are valued at fair value, as discussed in Note 4, with the resulting change in unrealized gains or losses included in the statement of activities. Investment transactions are recorded on a trade-date basis and gains and losses on the sale of investments are calculated by the specific-identification method. Current investments includes the short-term, liquid, treasury investments held for operations and the endowment distribution for operations. Non-current investments includes the endowment less the endowment distribution for operations. Investment income and net gains or losses on investments are recognized as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by the donor.

Management designates only a portion of the School's cumulative investment income for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The investment return on short-term investments is used to support current operations. The return on investments held in the endowment fund is used to support future operations, and is included as nonoperating income for the periods presented with the exception of the annual endowment distribution which supports current operations.

**Fair value measurements:** The School follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures (ASC 820). Under this guidance fair value is 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. In determining fair value, the School uses various methods including market, income and cost approaches. Based on these approaches, the School often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The School utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the School is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three levels:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single-dealer quotes not corroborated by observable market data.

For the year ended August 31, 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market price activity of the instrument.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Contributions and related receivables:** Contributions receivable are reported at their outstanding unpaid balances, less an allowance for present value discounts and doubtful accounts. Management evaluates the collectability of these receivables on a case-by-case basis considering the School's experience with the donor or funding source and their ability to pay, and writes off receivables that are deemed to be uncollectible.

Contributions are recognized as revenue in the year the unconditional promise is received and documented. Conditional contributions are recognized when the donor-imposed barrier has been substantially met. Funds received for conditional contributions prior to meeting the donor-imposed barrier are recognized as a refundable advance on the statement of financial position.

Contributions and unconditional promises to give are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions, which increases that net asset class. When the specified purpose of donor-restricted contributions is met, the net assets are released from restrictions and transferred to net assets without donor restriction. Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises 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 cash flows, discounted at a rate commensurate with the risks involved. Amortization of the discount is offset against contributions revenue.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net asset without donor restrictions class.

**Contributed services:** Contributed services are recorded at their fair value when such services are rendered. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the School.

A number of volunteers have made a contribution of their time to the School to develop its academic and other programs and to serve on the School's board of trustees. The value of this contributed time is not reflected in these financial statements since it does not meet the criteria for recognition.

**Concentration:** For the years ended August 31, 2020 and 2019, two donors accounted for 36% and one donor accounted for 11%, respectively, of total contribution revenue.

**Property and equipment:** Property and equipment is recorded at cost when purchased, or at fair value when contributed. The School capitalizes all purchases of fixed assets in excess of \$500. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, which are from five to ten years for furniture and equipment. Leasehold improvements are amortized over the shorter of the useful life or the remaining life of the lease at the time of improvement.

**Deferred revenue:** Deferred revenue represents monies received in advance of income not earned from ticket sales for future special events, which will be recognized in the statement of activities when the event occurs.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Tuition revenue:** Student tuition and fees are reported as revenue when earned. Student tuition and fees received in advance are deferred and are recognized as revenue over the period of instruction as services are delivered to students.

**Net asset classifications:** Net assets with donor restrictions include contributions that donors have specified must be maintained in perpetuity. Interest and dividends, and net realized and unrealized appreciation on the related investments, are expended for such purposes as specified by the donor or, if none, then for general purposes. Net assets with donor restrictions is also comprised of funds which are restricted for specific purposes. Upon the expiration of either donor-imposed time and purpose restrictions, net assets with donor restrictions are transferred to net assets without donor restrictions.

Net assets without donor restrictions represent funds which are generally available for the School to utilize in any of its programs or supporting services.

**Expenses:** Expenses are reported as decreases in net assets without donor restrictions. The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note 11 for management's allocation methodology for such costs.

**Endowment:** When the School receives a contribution and the donor restricts the School from spending the principal, the contribution is classified as an endowment, with the amount of the gift recorded as an increase in net assets with donor restrictions. The School is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA). The School has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the endowment fund that is not held in perpetuity is classified as accumulated investment earnings within net assets with donor restrictions, until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by NYPMIFA.

**Income taxes:** The School qualifies as a charitable organization as defined by IRC Section 501(c)(3) and, accordingly, is exempt from federal income taxes under IRC Section 501(a). The School is also exempt from New York State and New York City income taxes. The School is not classified as a private foundation. The School did not incur unrelated business income tax for the year ended August 31, 2020.

Management evaluated the School's tax positions and concluded that the School had taken no uncertain income tax positions that require adjustments or disclosure to the financial statements.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Uncertainty:** On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact the School’s operations, suppliers or other vendors, and student base. Any quarantines, labor shortages or other disruptions to the School’s operations, or those of their students, may adversely impact the School’s revenues, ability to provide its services and operating results. In addition, a significant outbreak of epidemic, pandemic or contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, including the geographical area in which the School operates, resulting in an economic downturn that could affect demand for its services. The extent to which the coronavirus impacts the School’s results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by COVID-19. The operational impact on the School included reduced revenues from waiving remaining tuition fees and the inability to hold the School’s largest fundraising event of the year, the Annual Benefit. To help offset this lost revenue, the School launched an East Harlem School emergency fund campaign, which increased the School’s operating funds without donor restriction. The School also experienced an operational impact on expenses, including additional expenses for food supplies, which were distributed to students and their families in need, as well as a reduction for reduced activities that were not able to be held, including swimming lessons, school trips, and sports activities.

The School received funds from the Paycheck Protection Program (see Note 13) under the CARES Act.

**Evaluation of subsequent events:** The School evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation is performed through the date the financial statements are available to be issued, which was December 7, 2020, for these financial statements.

**Recently issued accounting standards:** In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). This new standard will replace all current U.S. GAAP guidance on this topic and eliminate all industry specific guidance. The new revenue recognition standard provides a unified model to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration for which the entity expects to be entitled in exchange for those goods or services. The guidance provides a five step analysis of transactions to determine when and how revenue is recognized. Enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers are also required. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, which defers the effective date of ASU 2014-09 for the School to fiscal years beginning after December 15, 2019. The School is currently evaluating the impact of adoption of the new standard on the financial statements.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new standard requires a lessor to classify leases as either sales-type, finance or operating. A lease will be treated as a sale if it transfers all of the risks and rewards, as well as control of the underlying asset, to the lessee. If risks and rewards are conveyed without the transfer of control, the lease is treated as a financing. If the lessor does not convey risks and rewards or control, an operating lease results. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet 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 income statement. A modified retrospective transition approach is required for lessees 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. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities*, which defers the effective date of ASU 2016-02 for the School to fiscal years beginning after December 15, 2021. Early adoption is permitted. The School is currently evaluating the impact of adoption of the new standard on the financial statements.

In September 2020, the FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU increases transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. Under the standard, contributed nonfinancial assets will be presented as a separate line item in the balance sheet, apart from contributions of cash and other financial assets. Additional disclosures are required, including a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, and expanded disclosures for each category. The amendments in this ASU are applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The School is in the process of evaluating the impact of adopting the ASU.

**Note 3. Liquidity and Availability of Resources**

The School regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of August 31, the following financial assets are available to meet annual operating needs of the following fiscal year:

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| Cash and cash equivalents                         | \$ 399,148          | \$ 107,809          |
| Contributions and accounts receivable             | 2,907               | 40,000              |
| Investments held for operating                    | 1,557,006           | 1,891,378           |
| Estimated subsequent year endowment appropriation | 225,091             | 222,509             |
| Total financial assets available within one year  | <u>\$ 2,184,152</u> | <u>\$ 2,261,696</u> |

The School has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities. In addition, the School has a board-designated endowment totaling approximately \$5,661,000 and \$5,210,000 as of August 31, 2020 and 2019, respectively. Although the School does not intend to spend from its board designated endowment amounts other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board designated endowment could be made available at the discretion of the Board.



**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

**Note 4. Investments and Fair Value Measurement**

Investments measured at fair value by level, within the fair value hierarchy, as of August 31, 2020, are as follows:

|                         | Fair Value   | Fair Value Measurements Using  |   |  |
|-------------------------|--------------|--|---|--|
|                         |              | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Money market funds      | \$ 1,711,000 | \$ 1,711,000   | \$ -  | \$ -   |
| Mutual funds:           |              |  |   |  |
| Large-cap funds         | 1,873,857    | 1,873,857  | -   | -  |
| International funds     | 1,036,383    | 1,036,383  | -   | -  |
| Balanced funds          | 806,769      | 806,769  | -   | -  |
| Bond funds              | 1,159,147    | 1,159,147  | -   | -  |
| Stocks                  | 423,530      | 423,530  | -   | -  |
| Commodity funds         | 26,454       | 26,454   | -   | -  |
| Subtotal – mutual funds | 5,326,140    | 5,326,140  | -   | -  |
| Exchange-traded funds:  |              |  |   |  |
| Large cap               | 183,490      | 183,490  | -   | -  |
| U.S. government bonds   | 300,390      | -  | 300,390   | -  |
| Total investments       | \$ 7,521,020 | \$ 7,220,630   | \$ 300,390  | \$ -   |

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

**Note 4. Investments and Fair Value Measurement (Continued)**

Investments measured at fair value by level, within the fair value hierarchy, as of August 31, 2019, are as follows:

|                         | Fair Value   | Fair Value Measurements Using  |   |  |
|-------------------------|--------------|--|---|--|
|                         |              | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Money market funds      | \$ 1,963,014 | \$ 1,963,014   | \$ -  | \$ -   |
| Mutual funds:           | -            |  |   |  |
| Large-cap funds         | 1,623,137    | 1,623,137  | -   | -  |
| International funds     | 847,274      | 847,274  | -   | -  |
| Balanced funds          | 722,981      | 722,981  | -   | -  |
| Bond funds              | 1,109,895    | 1,109,895  | -   | -  |
| Stocks                  | 367,424      | 367,424  | -   | -  |
| Commodity funds         | 18,929       | 18,929   | -   | -  |
| Subtotal – mutual funds | 4,689,640    | 4,689,640  | -   | -  |
| Exchange-traded funds:  |              |  |   |  |
| Large cap               | 137,726      | 137,726  | -   | -  |
| U.S. government bonds   | 588,100      | -  | 588,100   | -  |
| Total investments       | \$ 7,378,480 | \$ 6,790,380   | \$ 588,100  | \$ -   |

The investments are reported on the statement of financial positions as follows:

|                         | 2020         | 2019         |
|-------------------------|--------------|--------------|
| Current investments     | \$ 1,782,097 | \$ 2,113,888 |
| Non-current investments | 5,738,923    | 5,264,592    |
| Total investments       | \$ 7,521,020 | \$ 7,378,480 |

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The School's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The School assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that cause the transfer. There were no transfers among Levels 1, 2 and 3 during fiscal years 2020 and 2019.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 4. Investments and Fair Value Measurement (Continued)**

Below are the valuation techniques used by the School to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

- Money market funds and exchange-traded funds listed on a national securities exchange or reported on the Nasdaq global market are stated at the last reported sales or trade price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.
- U.S. government bonds are valued based on the last reported bid price provided by broker-dealers, and are reported as Level 2 in the fair value hierarchy.
- Investments in mutual funds are stated at fair value based on the last quoted valuation price and are classified as Level 1 in the fair value hierarchy.

**Note 5. Contributions Receivable**

Contributions receivable consist of the following at August 31:

|                                  | 2020        | 2019             |
|----------------------------------|-------------|------------------|
| Amount due in less than one year | \$ -        | \$ 40,000        |
| Due in one to five years         | -           | -                |
|                                  | <u>\$ -</u> | <u>\$ 40,000</u> |

There was no allowance for doubtful accounts as of August 31, 2020 and 2019.

**Note 6. Property and Equipment, Net**

Property and equipment, net, consists of the following as of August 31:

|  | 2020                | 2019                |
|--|---------------------|---------------------|
| Land   | \$ 35,000           | \$ 35,000           |
| Furniture and equipment                        | 860,367             | 677,974             |
| Building and improvements                      | 10,533,403          | 10,482,874          |
|  | <u>11,428,770</u>   | <u>11,195,848</u>   |
| Less accumulated depreciation and amortization | (3,714,155)         | (3,420,949)         |
|  | <u>\$ 7,714,615</u> | <u>\$ 7,774,899</u> |

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 7. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods as of August 31:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Backyard project   | \$ 78,299         | \$ 78,299         |
| Time restricted  | 25,000            | 40,000            |
| Faculty development, financial aid and<br>facility maintenance | 103,788           | 79,390            |
| Faculty Support  | -                 | 28,750            |
| Total net assets with donor restrictions for purpose and time  | <u>207,087</u>    | <u>226,439</u>    |
| Total net assets with donor restrictions perpetual in nature   | 200,000           | 200,000           |
| Total net assets with donor restrictions                       | <u>\$ 407,087</u> | <u>\$ 426,439</u> |

Net assets were released from donor restrictions during the years ended August 31, 2020 and 2019, for the following purposes or periods:

|  | 2020              | 2019              |
|--|-------------------|-------------------|
| Time restricted  | \$ 40,000         | \$ 90,000         |
| Faculty development, financial aid and<br>facility maintenance | 44,255            | 177,854           |
| Capital improvements and repairs                               | -                 | 10,000            |
| Development Strategic Planning                                 | 13,800            | -                 |
| School programs  | 171,195           | 240,900           |
|  | <u>\$ 269,250</u> | <u>\$ 518,754</u> |

**Note 8. Employee Benefit Plan**

The School participates in a tax-deferred annuity retirement plan under Section 403(b) of the Internal Revenue Code for the benefit of eligible employees. During the years ended August 31, 2020 and 2019, the School made contributions of \$87,341 and \$79,245, respectively.

**Note 9. Commitments**

In fiscal year 2015, the School entered into operating leases for office equipment which expire at various dates through June 2020. The leases which expired in June 2020 were not renewed as of August 31, 2020, are being paid on a month to month basis as of August 31, 2020.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 10. Contributed Services**

The School recognized donated goods and services for the years ended August 31, 2020 and 2019, as follows:

|   | 2020              | 2019              |
|---|-------------------|-------------------|
| Computer hardware   | \$ 180,000        | \$ 4,485          |
| Facilities and services for swimming lessons in afterschool program | 39,670            | 61,454            |
| Food supplies   | 4,484             | -                 |
| Coats for students  | 2,184             | 3,096             |
| Other   | 225               | 2,000             |
| Sports tickets for students   | -                 | 4,800             |
| Photography services  | -                 | 3,825             |
|   | <u>226,563</u>    | <u>79,660</u>     |
| Goods and services for annual benefit event                         | -                 | 70,708            |
| Goods and services for poetry slam event                            | -                 | 3,125             |
|   | <u>\$ 226,563</u> | <u>\$ 153,493</u> |

**Note 11. Functional Allocation of Expenses**

Certain expenses are attributable to more than one program or supporting function. Management has reviewed all overhead costs and determined that it is appropriate to allocate a portion of these costs to the program services. A number of allocation methodologies are used, as summarized below.

- **Compensation for personnel services:** Personnel costs are either directly charged to a cost center or allocated between the programs based on the estimated percentage of time spent serving each of these programs.
- **Building maintenance and repairs:** The allocation of these costs is done based on estimated square foot usage by program, administration, and fundraising populations.
- **Other than personnel services (OTPS):** For OTPS that benefits all the cost centers of the school, allocation is based on FTE by time and effort. FTE calculations are supported by employee payroll records.

**Note 12. Endowments**

The School's endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The School's approach to the management of these funds is to achieve desirable long-term results while maintaining the liquidity necessary to meet distribution policies.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

**Note 12. Endowments (Continued)**

In fiscal year 2017, the board of trustees approved the distribution method according to the Tobin Rule. The Tobin Rule uses the prior year's spending adjusted for inflation, the stability term, and the long-term sustainable rate of distribution, the market term, weighted as determined appropriate by the School. The School has weighted the stability term 80% and the market term 20% for the distribution calculation. The School used an inflation rate of 1.65% and a sustainable rate of distribution of 4%. The School's trustees, parents, alumni and friends have helped to establish the endowment fund to provide lasting support for financial aid, faculty development, academics, and capital projects.

As an aggregate, this fund generates annual income for the School that is devoted to designated purposes that primarily support faculty development, financial aid, facility maintenance and for general operations. There were approved appropriations by the Board during fiscal years ended August 31, 2020 and 2019, of \$225,091 and \$222,509, respectively.

The School's endowment portfolio is managed by the investment committee of the board of trustees.

The School's endowments consist of the following:

|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|---|-------------------------------|----------------------------|---------------------|
| <b>Balance as of August 31, 2020</b>                  |                               |                            |                     |
| Donor-restricted endowment funds                      |                               |                            |                     |
| Accumulated investment earnings                       | \$ -                          | \$ 103,788                 | \$ 103,788          |
| Original donor-restricted maintained<br>in perpetuity | -                             | 200,000                    | 200,000             |
| Board-designated endowment funds                      | 5,661,121                     | -                          | 5,661,121           |
| Total funds   | <u>\$ 5,661,121</u>           | <u>\$ 303,788</u>          | <u>\$ 5,964,909</u> |
| <b>Balance as of August 31, 2019</b>                  |                               |                            |                     |
| Donor-restricted endowment funds                      |                               |                            |                     |
| Accumulated investment earnings                       | \$ -                          | \$ 79,390                  | \$ 79,390           |
| Original donor-restricted maintained<br>in perpetuity | -                             | 200,000                    | 200,000             |
| Board-designated endowment funds                      | 5,210,103                     | -                          | 5,210,103           |
| Total funds   | <u>\$ 5,210,103</u>           | <u>\$ 279,390</u>          | <u>\$ 5,489,493</u> |
|   | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
| Endowment net assets, August 31, 2018                 | \$ 5,279,499                  | \$ 282,906                 | \$ 5,562,405        |
| Distribution for operations                           | (211,384)                     | (11,125)                   | (222,509)           |
| Net investment return                                 | 141,988                       | 7,609                      | 149,597             |
| Endowment net assets, August 31, 2019                 | 5,210,103                     | 279,390                    | 5,489,493           |
| Distribution for operations                           | (213,836)                     | (11,255)                   | (225,091)           |
| Net investment return                                 | 664,854                       | 35,653                     | 700,507             |
| Endowment net assets, August 31, 2020                 | <u>\$ 5,661,121</u>           | <u>\$ 303,788</u>          | <u>\$ 5,964,909</u> |

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 13. Paycheck Protection Program Loan**

On April 13, 2020, the School received a loan from the U.S. Small Business Administration (SBA), via JPMorgan Chase Bank, N.A., in the aggregate amount of \$361,068, pursuant to the Paycheck Protection Program (the PPP) under the CARES Act. The PPP loan will mature on April 13, 2022, and bears interest at a rate of 0.98% per annum, payable monthly commencing on August 13, 2021. The PPP loan may be prepaid by the School at any time prior to maturity with no prepayment penalties. Funds from the PPP loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, and rent and utilities that are paid or incurred during the allowed 24 week spending period. The funds may also be used for interest on other debt obligations incurred before February 2020. The School intends to use the entire PPP loan for qualifying expenses. The PPP loan, or a portion thereof, is eligible for forgiveness by the SBA if the qualifying entity meets certain conditions. As of August 31, 2020, the School has not yet applied for loan forgiveness, but intends to do so in fiscal year 2021. If applicable, any unforgiven portion of the loan is payable over two years with a deferral of payments for the first six months. As of August 31, 2020, the noncurrent portion of the PPP loan of \$315,471, as presented on the statement of financial position, is payable during fiscal year 2022.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Supplementary Information  
Schedule of Per Student Costs  
Year Ended August 31, 2020**

|                       |                                   |
|-----------------------|-----------------------------------|
| School program        | \$ 2,960,477                      |
| Alumni program        | <u>67,603</u>                     |
| <b>Total expenses</b> | <b><u><u>\$ 3,028,080</u></u></b> |

| School Program  | Expenses                          | Number of<br>Students | Cost Per<br>Student            |
|-----------------|-----------------------------------|-----------------------|--------------------------------|
| Summer          | \$ 227,981                        | 142                   | \$ 1,605                       |
| Afterschool     | 701,297                           | 142                   | 4,939                          |
| Regular session | <u>2,031,199</u>                  | 142                   | <u>14,304</u>                  |
|                 | <b><u><u>\$ 2,960,477</u></u></b> |                       | <b><u><u>\$ 20,848</u></u></b> |

Total expenses include program, development, administrative and noncash expenses such as contributed goods and services and normal depreciation. Student travel is included in the summer session expenses.

The alumni program served 502 former students at a cost of \$134.67 per alumni for the year ended August 31, 2020.