EDUCATION THROUGH MUSIC, INC.

FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

JUNE 30, 2022 AND AUGUST 31, 2021

EDUCATION THROUGH MUSIC, INC.

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LUTZ AND CARR
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Education Through Music, Inc.

Opinion

We have audited the accompanying financial statements of Education Through Music, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and August 31, 2021, and the related statements of activities, functional expenses and cash flows for the ten months ended June 30, 2022 and the year ended August 31, 2021 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Education Through Music, Inc. as of June 30, 2022 and August 31, 2021, and the changes in its net assets and its cash flows cash flows for the ten months ended June 30, 2022 and the year ended August 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Education Through Music, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Education Through Music, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Lutz + Carr, LLP

New York, New York
January 12, 2023

EDUCATION THROUGH MUSIC, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND AUGUST 31, 2021

	June 30, 2022	August 31, 2021
Assets		
Cash and cash equivalents (Notes 1b and 11a)	$ 2,074,179	$ 1,722,687
Investments (Notes 1c, 1d and 5)	633,265	784,212
Unconditional promises to give (Notes 1e and 4)		
Without donor restrictions	1,237,328	243,300
With donor restrictions	1,082,613	100,000
Accounts receivable	210,614	14,114
Prepaid expenses	51,196	63,034
Property and equipment, at cost, net of accumulated depreciation (Notes 1g and 7)	87,083	120,264
Security deposit	34,562	34,562
Total Assets	$ 5,410,840	$ 3,082,173
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$ 216,647	$ 185,529
Loan payable (Note 8)	-	803,482
Deferred rent (Note 1h)	28,818	35,568
Total Liabilities	245,465	1,024,579
Commitments and Contingency (Notes 9 and 10)		
Net Assets		
Without Donor Restrictions		
Operating	3,284,497	189,940
ETM Special Fund (Note 6)	633,265	784,212
Total Without Donor Restrictions	3,917,762	974,152
With Donor Restrictions (Note 3)	1,247,613	1,083,442
Total Net Assets	5,165,375	2,057,594
Total Liabilities and Net Assets	$ 5,410,840	$ 3,082,173

See notes to financial statements.

EDUCATION THROUGH MUSIC, INC.

STATEMENTS OF ACTIVITIES

TEN MONTHS ENDED JUNE 30, 2022 AND YEAR ENDED AUGUST 31, 2021

	Ten Months Ended June 30, 2022	Year Ended August 31, 2021
Changes in Net Assets Without Donor Restrictions		
Revenues and Other Support		
Contributions (Note 11b)	$ 1,947,027	$ 2,113,512
Federal relief grant - Employee Retention Tax Credit (Note 12)	894,528	-
Benefit and event income	953,717	-
Less: Direct fundraising costs	(138,277)	-
Program income (Note 1i)	1,712,881	1,118,105
Donated legal services (Note 13)	87,456	71,823
Interest and dividend income	20,476	21,157
Realized loss on investments	(9,404)	-
Unrealized gain (loss) on investments	(170,870)	122,227
Loan forgiveness - Paycheck Protection Program (Note 8)	803,482	897,302
Miscellaneous income	3,476	5,978
	6,104,492	4,350,104
Net assets released from restrictions		
Satisfaction of time and program restrictions	928,442	218,107
Total Revenues and Other Support	7,032,934	4,568,211
Expenses		
Program Services		
Education	3,144,107	3,471,505
Supporting Services		
Management and general	158,270	212,203
Fundraising	786,947	610,136
Total Supporting Services	945,217	822,339
Total Expenses	4,089,324	4,293,844
Increase in Net Assets Without Donor Restrictions	2,943,610	274,367
Changes in Net Assets With Donor Restrictions		
Contributions (Note 11b)	1,092,613	348,442
Net assets released from restrictions	(928,442)	(218,107)
Increase in Net Assets With Donor Restrictions	164,171	130,335
Increase in net assets	3,107,781	404,702
Net assets, beginning of period	2,057,594	1,652,892
Net Assets, End of Period	$ 5,165,375	$ 2,057,594

See notes to financial statements.

EDUCATION THROUGH MUSIC, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

TEN MONTHS ENDED JUNE 30, 2022 AND YEAR ENDED AUGUST 31, 2021

	Ten Months Ended June 30, 2022				Year Ended August 31, 2021			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Education	Management and General	Fundraising	Total Expenses	Education	Management and General	Fundraising	Total Expenses
Salaries and related costs	$2,278,138	$ 34,033	$ 238,446	$2,550,617	$2,741,967	$ 142,484	$ 415,088	$3,299,539
Grants	100,000	-	-	100,000	-	-	-	-
Contracted services	303,263	108,525	417,830	829,618	200,756	45,271	80,764	326,791
Non-personnel expenses	127,426	2,659	53,794	183,879	162,381	3,321	62,116	227,818
Facility and equipment	248,805	9,892	33,380	292,077	288,317	16,905	40,129	345,351
Travel and meetings	12,692	60	1,640	14,392	1,229	11	470	1,710
Other expenses	45,798	1,913	37,849	85,560	41,524	2,086	6,524	50,134
Total expenses before depreciation	3,116,122	157,082	782,939	4,056,143	3,436,174	210,078	605,091	4,251,343
Depreciation	27,985	1,188	4,008	33,181	35,331	2,125	5,045	42,501
Total Expenses	$3,144,107	$ 158,270	$ 786,947	$4,089,324	$3,471,505	$ 212,203	$ 610,136	$4,293,844

See notes to financial statements.

EDUCATION THROUGH MUSIC, INC.

STATEMENTS OF CASH FLOWS

TEN MONTHS ENDED JUNE 30, 2022 AND YEAR ENDED AUGUST 31, 2021

	Ten Months Ended June 30, 2022	Year Ended August 31, 2021
Cash Flows From Operating Activities		
Increase in net assets	$ 3,107,781	$ 404,702
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation expense	33,181	42,501
Loan forgiveness - Paycheck Protection Program	(803,482)	(897,302)
Donated securities	(229,376)	(159,143)
Net realized and unrealized (gains) losses on investments	180,274	(122,227)
(Increase) decrease in:		
Unconditional promises to give	(1,976,641)	(173,800)
Accounts receivable	(196,500)	121,859
Prepaid expenses	11,838	22,014
Increase (decrease) in:		
Accounts payable and accrued expenses	31,118	9,010
Deferred revenue	-	(10,007)
Deferred rent	(6,750)	(2,414)
Net Cash Provided (Used) By Operating Activities	151,443	(764,807)
Cash Flows From Investing Activities		
Purchase of investments	(19,923)	(16,983)
Sale of investments	219,972	159,143
Net Cash Provided By Investing Activities	200,049	142,160
Cash Flows From Financing Activities		
Proceeds from loan payable	-	803,482
Net increase in cash and cash equivalents	351,492	180,835
Cash and cash equivalents, beginning of year	1,722,687	1,541,852
Cash and Cash Equivalents, End of Year	$ 2,074,179	$ 1,722,687

See notes to financial statements.

EDUCATION THROUGH MUSIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND AUGUST 31, 2021

Note 1 - Organization and Summary of Significant Accounting Policies

a - Organization

Education Through Music, Inc. (“ETM” or the "Organization") partners with under-resourced schools to provide music as a core subject for all children, and utilizes music education as a catalyst to improve academic achievement, motivation for school and self-confidence.

Effective September 1, 2021, the Organization has changed its year end from August 31 to June 30.

Due to the continued success of ETM in New York, along with the success of licensed ETM affiliate organizations in Los Angeles, Denver, and Boston, the community of ETM organizations and stakeholders determined that it was in the best interests of the ETM mission and work to establish a new national organization to develop and support ETM programming and activities, both on the local and national level, and to coordinate local ETM activities and operations, in each case in a cohesive, consistent manner that both reflects and builds on ETM work while simultaneously serving the priorities of local ETMs and their communities. To that end, Education Through Music USA, Inc. ("ETM-USA") was formed on February 1, 2022. In this role, the ETM-USA plans to develop and manage curricula and other intellectual property for the ETM network and to conduct related support and activities that further its mission of promoting musical education in disadvantaged communities throughout the United States. While the founding ETM-USA board is made up of three ETM New York board members, it is ETM-USA's intention to develop a board that is independent of any other ETM affiliates as soon as practicable, and prior to the commencement of ETM-USA's operations. In January 2023, ETM-USA received an Internal Revenue Service determination letter recognizing it as exempt from federal income tax under Internal Revenue Code Section 501(c)(3), effective February 1, 2022.

b - Cash and Cash Equivalents

The Organization considers all short-term highly-liquid investments, such as money market funds, to be cash equivalents, except for cash awaiting investment.

c - Investments

The Organization reflects investments at fair value in the statement of financial position. Unrealized gains and losses on investments are reflected in the statement of activities. Interest, gains and losses on investments are reflected in the statement of activities as increases and decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Investment income restricted by the donor is reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the income is recognized.

EDUCATION THROUGH MUSIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND AUGUST 31, 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

d - Fair Value Measurements

The Organization is required to use a framework for measuring fair value and make certain disclosures about fair value measurements. Fair value is a market-based measurement, not an entity-specific measurement, and is based on a fair value hierarchy with the highest priority being quoted prices in active markets. Fair value measurement is disclosed by level within that hierarchy.

Unadjusted quoted prices in active markets for identical assets or liabilities are referred to as Level 1 inputs. Inputs other than quoted market prices that are observable, either directly or indirectly, and reasonably available are referred to as Level 2 inputs. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the assumptions developed by the Organization based on available information about what market participants would use in valuing the asset or liability and are referred to as Level 3.

An asset or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Availability of observable inputs can vary and is affected by a variety of factors. Level 3 assets and liabilities involve greater judgment than Level 1 or Level 2 assets or liabilities.

All of the Organization's investments are classified within Level 1 of the fair value hierarchy. Fair value is determined using quoted market values.

The values assigned to these investments and any unrealized gains or losses reported are based on available information and do not necessarily represent amounts that might be realized if a ready market existed and such differences could be material. The ultimate realization of such amounts depends on future events and circumstances and therefore, valuation estimates may differ from the value realized upon disposition of individual positions.

e - Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance-related or other barrier and right of return of assets transferred or release of a promisor's obligation to transfer assets in the future, are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

EDUCATION THROUGH MUSIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND AUGUST 31, 2021

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

e - Contributions and Unconditional Promises to Give (continued)
The Organization uses the allowance method to determine uncollectible promises to give. The determination of whether an allowance is necessary is based on prior years' experience and management's analysis of specific promises made.

f - Financial Statement Presentation
The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors.

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

g - Property and Equipment
Property and equipment are capitalized at cost and are being depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and amortized on a straight-line basis over the life of the lease.

h - Deferred Rent
The Organization records rent expense associated with its leases on a straight-line basis over the life of the lease. The difference between the straight-line amount and the amount actually paid during the year is recorded as a liability and an expense in the accompanying financial statements.

i - Revenue Recognition
The Organization's program income is recognized at a point in time when the programs take place. The timing of billings, cash collections and revenue recognition may result in contract assets and contract liabilities reported in the statements of financial position. Contract assets consist of accounts receivable. Contract liabilities consist of deferred revenue that results when the Organization receives advance payments from customers before revenue is recognized.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

j - Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

k - Tax Status

Education Through Music, Inc. is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

l - Subsequent Events

The Organization has evaluated subsequent events through January 12, 2023, the date that the financial statements are considered available to be issued.

m - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Expenses are applied directly to programs where applicable or allocated on a reasonable and consistent basis. A substantial portion of the Organization’s expenses are directly related to program activities, which are made up of educational and music programs. The expenses that are allocated include depreciation, interest, insurance, general office expenses, and occupancy costs, which are allocated on a basis of time and effort.

n - New Accounting Pronouncements

For 2022, the Organization adopted Accounting Standards Update (“ASU”) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have a significant impact on the financial statements, with the exception of increased disclosure.

In February 2016, the FASB issued ASU 2016-02, *Leases (“Topic 842”)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position for all leases with terms longer than 12 months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of ASU 2016-02 on its financial statements.

EDUCATION THROUGH MUSIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND AUGUST 31, 2021

Note 2 - Information Regarding Liquidity and Availability

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of program revenue and contribution revenue raised during the current year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs, and maintains liquid financial assets on an ongoing basis sufficient to cover ninety days of general expenditures. Financial assets in excess of daily cash requirements are invested in cash, money market funds, or other short-term investments.

The Organization's financial assets as of June 30, 2022 and August 31, 2021 available to meet cash needs for general expenditures within one year are summarized as follows:

	2022	2021
Financial Assets at Year End:		
Cash and cash equivalents	$2,074,179	$1,722,687
Investments	633,265	784,212
Unconditional promises to give	2,319,941	343,300
Accounts receivable	210,614	14,114
Total Financial Assets	5,237,999	2,864,313
Less: Amounts not Available to be Used within One Year:		
Net assets with donor restrictions, subject to expenditure for specific purposes or passage of time	(1,247,613)	(1,083,442)
Plus: Net assets with donor restrictions expected to be met in less than one year	880,000	1,048,442
Less: ETM Special Fund	(633,265)	(784,212)
Financial Assets Available to Meet General Expenditures within One Year	$4,237,121	$2,045,101

In addition to these financial assets available within one year, the Organization maintains the ETM Special Fund of $633,265 to promote its financial stability. These amounts could be made available to meet cash needs at the discretion of the Board (Note 6).

EDUCATION THROUGH MUSIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND AUGUST 31, 2021

Note 3 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for future programs and periods.

Note 4 - Unconditional Promises to Give

Unconditional promises to give at June 30, 2022 and August 31, 2021 are due as follows:

	2022	2021
Due in less than one year	$1,952,328	$ 343,300
Due in one to five years	390,000	-
	2,342,328	343,300
Less: Discount to present value	(22,387)	-
	$2,319,941	$343,300

As of June 30, 2022, approximately 74% of unconditional promises to give were due from a government organization and a foundation. As of August 31, 2021, 79% of unconditional promises to give were due from three government organizations.

Uncollectible promises to give are expected to be insignificant. Unconditional promises to give due after one year are discounted to present value using a discount rate of 3%.

Note 5 - Investments

Investments, which are all classified as Level 1 in the fair value hierarchy, are reflected at fair value and consist of the following:

	2022	2021
Mutual funds:		
Fixed funds	$202,406	$231,542
Equity funds	172,605	252,016
Exchange traded funds	211,965	256,997
Cash awaiting investment	46,289	43,657
	$633,265	$784,212

The cost of investments at June 30, 2022 and August 31, 2021 was $541,998 and $522,075, respectively.

EDUCATION THROUGH MUSIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND AUGUST 31, 2021

Note 6 - ETM Special Fund

The Organization established the ETM Special Fund (the "Fund") to promote its financial stability. The Fund consists of money allocated by the Board of Directors (the "Board") together with contributions and any net earnings from the Fund. Any withdrawals must be authorized by a supermajority vote of the Board if in excess of 5% of the average value of the Fund as of December 31 of the previous three years. Short-term borrowings by the Organization from the Fund may be made with the approval of the Executive Committee to meet unanticipated financial emergencies.

Note 7 - Property and Equipment

Property and equipment consist of the following:

	Life	2022	2021
Musical instruments	5 years	$111,646	$111,646
Furniture and equipment	3-5 years	54,225	54,225
Leasehold improvements	Life of lease	63,689	63,689
Logo design/website upgrades	5 years	71,000	71,000
Salesforce software development	5 years	178,857	178,857
		479,417	479,417
Less: Accumulated depreciation		(392,334)	(359,153)
		$ 87,083	$120,264

Note 8 - Loans Payable - Paycheck Protection Program

On April 28, 2020, the Organization received a loan totaling $897,302 under the Paycheck Protection Program ("PPP") administered by the U.S. Small Business Administration. The loan included provisions for forgiveness if the Organization met certain employee retention requirements and the funds were used for eligible expenses. The loan was fully forgiven during fiscal year 2021.

On March 9, 2021, the Organization received a second PPP loan totaling $803,482 having an interest rate of 1% and a maturity of five years. The loan included the same forgiveness provisions as the first PPP loan. The loan was fully forgiven in January 2022.

EDUCATION THROUGH MUSIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND AUGUST 31, 2021

Note 9 - Commitment and Contingency

a - The Organization occupies office space under a lease effective April 1, 2017 through March 31, 2024.

The future minimum annual obligation under this agreement is as follows:

Year ending June 30, 2023	$334,301
Thereafter, through March 31, 2024	254,468

Rent expense for the ten months ended June 30, 2022 was $266,643. For the year ended August 31, 2021, rent expense was $319,972.

b - Government supported projects are subject to audit by the granting agency.

Note 10 - Retirement Plan

The Organization has a voluntary salary reduction tax deferred annuity plan for the benefit of all qualifying employees. The Organization can make a discretionary matching contribution. The Organization did not make a matching contribution to the plan in 2022 or 2021.

Note 11 - Concentrations

a - The Organization maintains its cash and cash equivalent balances in three financial institutions located in New York. From time to time, balances may exceed the Federal Depository Insurance Corporation limit.

b - The Organization received 46% of its total contributions from a foundation and 34% of contributions from a government agency during the ten months ended June 30, 2022 and year ended August 31, 2021, respectively.

EDUCATION THROUGH MUSIC, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND AUGUST 31, 2021

Note 12 - Employee Retention Tax Credit

The Coronavirus Aid, Relief and Economic Security ("CARES") Act enacted in 2020 allowed eligible employers to claim employee retention tax credits for qualified wages paid after March 12, 2020, through the first three quarters of 2021. The Organization qualified for the credit based on partial suspension of operations due to government COVID-related orders and a decrease in gross receipts.

Note 13 - Donated Legal Services

During the ten months ended June 30, 2022 and year ended August 31, 2021, the Organization received donated legal services in connection with its program and administrative supporting services. The value of the donated legal services was provided by the service provider based on current rates of similar legal services.