

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**

**COMPARATIVE FINANCIAL STATEMENTS**

**JUNE 30, 2020 AND 2019**

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.  
COMPARATIVE FINANCIAL STATEMENTS  
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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Educational Resources for Children, Inc.  
Enfield, CT

We have audited the accompanying financial statements of Educational Resources for Children, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statement of activities, statements of functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 of 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 financial statement presentation.

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

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Educational Resources for Children, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Educational Resources for Children, Inc.'s 2019 financial statements and, our report dated October 7, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative statement of activities presented herein for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Henry, Raymond & Thompson, LLC*

Henry, Raymond & Thompson, LLC  
South Windsor, Connecticut  
January 7, 2021

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

<b>Assets</b>	<b>2020</b>	<b>2019</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 150,517	\$ 8,976
Grants and accounts receivable, net	8,641	55,608
Prepaid expenses	16,194	18,719
<b>Total current assets</b>	<u>175,352</u>	<u>83,303</u>
<b>Property &amp; Equipment</b>		
Furniture and office equipment	66,507	63,372
Less accumulated depreciation and amortization	46,533	47,513
Net property and equipment	<u>19,974</u>	<u>15,859</u>
<b>Total Assets</b>	<u>\$ 195,326</u>	<u>\$ 99,162</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 24,865	\$ 40,756
Deferred revenue	47,227	26,546
Line of Credit	70,000	40,000
Short-term loans	5,335	-
PPP Loan deferred revenue, net of spend-down	86,214	-
<b>Total current liabilities</b>	<u>233,641</u>	<u>107,302</u>
<b>Total liabilities</b>	<u>233,641</u>	<u>107,302</u>
<b>Net Assets/(Deficit)</b>		
Without donor restrictions	(113,919)	(79,713)
With Donor restrictions	75,604	71,573
<b>Total net assets/(Deficit)</b>	<u>(38,315)</u>	<u>(8,140)</u>
<b>Total Liabilities and Net Assets/(Deficit)</b>	<u>\$ 195,326</u>	<u>\$ 99,162</u>

The accompanying notes are an integral part of the basic financial statements

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
(With Summarized Financial Information for the Year Ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
<b>Public support and revenue:</b>				
Contributions	\$ 122,293	\$ 82,213	\$ 204,506	\$ 155,948
Grants	376,223	74,000	450,223	399,748
Program service fees	321,767	-	321,767	494,164
Events	35,956	-	35,956	29,497
Other income	19	-	19	35
Net assets released from restrictions	152,182	(152,182)	-	-
<b>Total revenues and other support</b>	<b>1,008,440</b>	<b>4,031</b>	<b>1,012,471</b>	<b>1,079,392</b>
<b>Expenses:</b>				
Wages	642,256		642,256	797,880
Office expense	96,800		96,800	89,999
Payroll taxes	57,607		57,607	71,247
Insurance - medical	36,825		36,825	36,275
Rent	50,400		50,400	61,973
Program supplies and expense	26,167		26,167	54,601
Professional services	33,153		33,153	17,813
Insurance	17,264		17,264	14,517
Transportation	14,655		14,655	11,799
Depreciation	9,918		9,918	10,475
Events	12,355		12,355	13,268
Advertising	3,220		3,220	3,282
Subcontract services	11,567		11,567	1,492
Bad debts	2,452		2,452	711
Interest	27,827		27,827	665
Loss on Disposal of Assets	180		180	-
<b>Total expenses</b>	<b>1,042,646</b>	<b>-</b>	<b>1,042,646</b>	<b>1,185,996</b>
<b>Change in net assets</b>	<b>(34,206)</b>	<b>4,031</b>	<b>(30,175)</b>	<b>(106,604)</b>
Net assets - beginning of the year	\$ (79,713)	\$ 71,573	\$ (8,140)	\$ 98,464
Net assets/(deficit) - end of the year	\$ (113,919)	\$ 75,604	\$ (38,315)	\$ (8,140)

The accompanying notes are an integral part of the basic financial statement

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020			
	Program Services	Management and General	Fundraising	Total
Wages	\$ 487,215	\$ 104,768	\$ 50,273	\$ 642,256
Office expense	34,530	62,196	75	96,800
Payroll taxes	46,086	11,521	-	57,607
Insurance - medical	-	36,825	-	36,825
Rent	25,200	25,200	-	50,400
Program supplies and expense	15,479	-	10,688	26,167
Professional services	-	33,153	-	33,153
Insurance	14,420	2,844	-	17,264
Transportation	14,655	-	-	14,655
Depreciation	-	9,918	-	9,918
Events	8,655	-	3,700	12,355
Advertising	2,223	997	-	3,220
Subcontract services	11,567	-	-	11,567
Bad debts	2,452	-	-	2,452
Interest	-	27,827	-	27,827
Loss on Disposal of Assets	-	180	-	180
	\$ 662,481	\$ 315,430	\$ 64,735	\$ 1,042,646

	2019			
	Program Services	Management and General	Fundraising	Total
Wages	\$ 625,954	\$ 119,659	\$ 52,266	\$ 797,879
Office expense	43,607	46,303	89	89,999
Payroll taxes	56,998	14,249	-	71,247
Insurance - medical & workers comp	-	36,275	-	36,275
Rent	30,987	30,987	-	61,973
Program supplies and expense	25,682	-	28,919	54,601
Professional services	-	17,813	-	17,813
Insurance	12,029	2,488	-	14,517
Transportation	11,799	-	-	11,799
Depreciation	-	10,475	-	10,475
Events	-	-	13,268	13,268
Advertising	1,944	1,338	-	3,282
Subcontract services	1,492	-	-	1,492
Bad debts	711	-	-	711
Interest	-	665	-	665
	\$ 811,201	\$ 280,253	\$ 94,542	\$ 1,185,996

The accompanying notes are an integral part of the basic financial statements

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>Cash Flows from Operating Activities:</b>		
Increase/(Decrease) in net assets	\$ (30,175)	\$ (106,604)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,918	10,475
Loss on disposal of assets	180	-
(Increase) decrease in operating assets:		
Grants and Accounts receivable	46,967	(21,836)
Prepaid expenses	2,525	(546)
Security deposits	-	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(15,891)	17,229
Deferred revenue	20,681	(5,309)
PPP Loan Deferred Revenue, net of spend-down	86,214	-
Net cash provided (used) by operating activities	120,419	(106,591)
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(14,213)	-
Net cash used in investing activities	(14,213)	-
<b>Cash Flows from Financing Activities:</b>		
Gross borrowings on line of credit	35,000	40,000
Repayments on line of credit	(5,000)	-
Proceeds from short-term loans	107,000	-
Payment on short-term loan	(101,665)	-
Net cash provided by financing activities	35,335	40,000
<b>Net increase (decrease) in cash and cash equivalents</b>	141,541	(66,591)
Cash and Cash Equivalents - beginning of the year	8,976	75,567
Cash and Cash Equivalents - end of the year	\$ 150,517	\$ 8,976
<b>Supplementary Cash-flow information</b>		
Cash paid for income taxes	\$ -	\$ -
Cash paid for Interest expense	\$ 27,827	\$ 665

The accompanying notes are an integral part of the basic financial statements



**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE I – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Educational Resources for Children, Inc.'s mission is to provide before and after school academic programs for area children in grades kindergarten through eighth and to improve academic achievement and support in-school learning by providing a safe and healthy environment to promote development.

**Basis of Presentation**

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activity according to the following net asset classes:

**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 by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Cash and Cash Equivalents**

For purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Accounts and Grants Receivable**

Accounts and grants receivable are stated at the amount that management expects to collect from outstanding balances. Accounts are considered past due upon being outstanding for 30 days or more. Management provides for probable uncollectible amounts through an allowance for doubtful accounts an adjustment to bad debt expense based on its assessment of the status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance and a credit to accounts or grants receivable. Based on the Organizations collection experience, the allowance for doubtful accounts at June 30, 2020 and 2019 was \$0.

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Revenue and Revenue Recognition**

*Contributions*

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Registration and other program fee revenue, are comprised of an exchange element based on the value of benefits provided. The Organization recognizes the exchange portion of registration and other program fees over the program period (generally on a weekly basis). The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Organization has adopted Accounting Standard Update (ASU) no. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - Revenue from Contracts with Customers (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**Contributed Goods, Services and Facilities**

During the years ended June 30, 2020 and 2019, the value of contributed goods, services and facilities meeting the requirements for recognition in the financial statements was \$14,251 and \$52,532 as follows:

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

Type	Amount		Contributor
	2020	2019	
Rent	\$ -	\$ 13,973	Enfield Board of Education
Program Supplies	14,251	38,559	Various contributors
Totals	<u>\$ 14,251</u>	<u>\$ 52,532</u>	

Several volunteers have made significant contributions of their time in furtherance of the Organization’s mission. These services were not reflected in the accompanying statements of activities because they do not meet the necessary criteria for recognition under US GAAP.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such Allocations are determined by management on an equitable basis.

The expenses that have been allocated include the following:

Expense	Method of Allocation
Wages	Time and effort
Office Expenses	Purpose
Payroll Taxes	Time and effort
Insurance – Medical	Time and effort
Rent	Square footage
Professional Services	Purpose
Insurance (Liability and Workers Comp)	Purpose/time and effort
Advertising	Purpose

**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.

**Property and Equipment**

It is the Organization’s policy to capitalize property and equipment over \$500. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Depreciation is computed using the straight-line method with asset lives ranging from five to thirty years. Depreciation expense for the years ended June 30, 2020 and 2019 was \$9,918 and \$10,475, respectively.

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**Deferred Revenue**

Deferred revenue relates principally to the Organizations collection of fees for the summer program, which begins after the fiscal year end. Revenue is recognized in the period the services are provided.

**Reclassifications**

Certain amounts in the prior year are reclassified to conform to current year presentation, when necessary.

**Advertising Costs**

During the fiscal years ending 2020 and 2019, the Organization incurred advertising costs in the amounts of \$3,220 and \$3,282, respectfully. Advertising costs are primarily advertising employment opportunities. The Organization's policy is to expense advertising costs as incurred.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization has concluded that there are no uncertain tax positions that would require recognition in the financial statements. If the Organization were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense and penalties would be reported as income taxes. The Organizations conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations and interpretations thereof as well as other factors. Generally, federal, state and local authorities may examine the Organization's tax returns for three years from the date of filing. Consequently, income tax returns for years prior to 2016 are no longer subject to examination by taxing authorities.

**Fair Value of Financial Instruments**

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumption market participants would use when pricing an asset.

The carrying amounts reflected in the statement of financial position for cash and cash equivalents, accounts and grant receivables, prepaid expenses, accounts payable, accrued expenses, line of credit and deferred revenue approximate fair value due to their short-term maturities. Any long-term debt obligations are carried at historical cost.

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE II – AVAILABILITY AND LIQUIDITY**

The following represents the Organization’s financial assets at June 30, 2020 and 2019:

Financial assets at year end	2020	2019
Cash and cash equivalents	\$ 150,517	89,760
Grants and accounts receivable, net	8,641	55,608
Total financial assets	159,158	145,368
Less amounts not available to be used within one year:	75,604	71,573
Net assets with donor restrictions		
Less net assets with purpose restrictions to be met less than a year	(75,604)	(71,573)
	-	-
Financial assets available to meet general expenditures over the next twelve months	\$ 159,158	\$ 145,368

The Organization’s goal is to generally maintain financial assets to meet 90 days of operating expenses (Approximately \$260,000). Educational Resources for Children, Inc. has a \$75,000 line of credit available to meet cash flow needs.

**NOTE III – CONCENTRATIONS**

During the fiscal years 2020 and 2019, the Organization received approximately 44 % and 30% of its total support and revenues from various government grants and funding. Additionally, during the fiscal years 2020 and 2019, the Organization received approximately 8% and 7% of its support from the United Way.

As of June 30, 2020 and 2019, the Organization’s balance of cash and cash equivalents at a financial banking institution did not exceed the federally insured limit of \$250,000. These balances fluctuate greatly during the year and can exceed this \$250,000 limit at any time. Management monitors regularly the financial condition of the banking institution, along with their balances in cash and cash equivalents, and tries to keep this potential risk to a minimum.

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE IV – NET ASSETS**

Net assets with donor restrictions are so classified because the donor has indicated the specific purpose the donation shall serve. Net assets with donor restrictions were as follows for years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Specific Purpose		
Technology	\$ 5,040	\$ 40,000
Program	6,351	1,068
Summer program	-	10,005
Healthy meals, healthy minds	-	2,500
HFPG TAG Grant	-	18,000
Back Packs	2,213	-
Passage of time	<u>62,000</u>	<u>-</u>
	<u>\$ 75,604</u>	<u>\$ 71,573</u>

Net assets without donor restrictions for the years ended June 30, 2020 and 2019 are as follows:

Undesignated	<u>\$ (113,919)</u>	<u>\$ (79,713)</u>
Board-designated net assets	<u>-</u>	<u>-</u>
	<u>\$ (113,919)</u>	<u>\$ (79,713)</u>

**Released**

Net assets released from net assets with donor restrictions are as follows:

Satisfaction of purpose restrictions		
After School Program	\$ -	\$ 26,187
HFPG TAG	18,000	-
Technology	34,960	5
Healthy meals, healthy minds	2,500	-
Program	74,717	83,043
Passage of time restrictions	<u>22,005</u>	<u>14,707</u>
	<u>\$ 152,182</u>	<u>\$ 123,942</u>

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE V – LOANS**

**Line of Credit:**

The organization has a \$75,000 operating line of credit with Hedco, Inc. The line has a \$70,000 outstanding balance. Hedco, Inc. suspended the requirement to make interest payments until January, 2021. The stated rate of interest on this loan is 4%.

The organization obtained two short-term loans from National Funding, Inc. totaling \$70,000. The balance remaining at June 30, 2020 is \$5,335. The stated rate of interest on this loan is 42%.

***Related party borrowing:***

The entity also received various short-term loans from the spouse of an employee in the amount of \$21,300 and from an employee in the amount of \$15,700 at zero percent interest. The loans were short-term in nature and were fully repaid as of June 30, 2020.

**Paycheck Protection Program Loan:**

On April 15, 2020, Educational Resources for Children, Inc. received loan proceeds in the amount of \$165,600 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” of 24 weeks, starting on May 15, 2020 and ending on October 15, 2020, as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. The organization intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

To the extent that the organization is not granted forgiveness, interest on the PPP loan at a rate of 1% per annum will be required. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of April 15, 2025. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

The organization has determined that income will be recognized to the extent that expenditures are incurred that qualify for loan forgiveness. The remaining balance is included as deferred income.

**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE VI – LEASES**

*Office*

The Organization had a lease that was to span July 1, 2016 through June 30, 2020. The Organization made a decision to terminate the lease two years early and incur a \$35,000 buyout fee. The lease was terminated as of June 30, 2018.

The Organization entered into a lease effective July 1, 2018 for a three year period ending June 30, 2021. Monthly payments under the lease vary from \$4,000 in the first year of the lease to \$4,400 in the final year of the lease.

Future minimum lease payments are as follows:

<b>Year Ending</b>	<b>Amount</b>
<b><u>June 30</u></b>	
2021	<u>52,800</u>
	<u>\$ 52,800</u>

*Schools*

The Organization entered into a 10-month lease with the Town of Enfield, Connecticut that began September 1, 2012 and ended June 30, 2013. Monthly payments under the lease were \$901.60 per month for the duration of the lease. The lease is renewable annually, each successive term beginning September 1<sup>st</sup> and terminating June 30<sup>th</sup> of the following year, provided however, the Organization gives written notice of its intent to renew to the Town of Enfield by April 1<sup>st</sup> preceding the next successive term and provided the Town Council approves such renewal. Provided there are annual renewals, the final term of the lease will begin September 1, 2019 and end June 30, 2020. The lease was renewed for the fiscal year ending June 30, 2020 and the annual lease expense is \$15,102.

**NOTE VII – EMPLOYEE BENEFIT PLAN**

The Organization had a tax deferred 401(b) plan covering all employees. The assets are held for each employee in an individual account maintained by an investment firm. The Organization does not match employee contributions.

**NOTE VIII – RISKS AND UNCERTAINTIES**

As of November 6, 2020, Governor Ned Lamont ordered the state of Connecticut to roll back to Phase 2 rules with certain modifications regarding the reopening of businesses and public/private venues. Due to the COVID pandemic, Educational Resources for Children, Inc. was forced to cancel all on-site summer camp activities with a substantial loss of income. Educational Resources for Children, Inc. has temporarily closed all Before & After School centers in the school and concentrated all the children in the Distant Learning Center. This has enabled Educational Resources for Children, Inc. to reduce staff costs and overhead by having operations all in one place. Although Educational Resources for Children, Inc.'s enrollment is down compared to previous years, because Educational Resources for Children, Inc. is open



**EDUCATIONAL RESOURCES FOR CHILDREN, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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from 7 a.m. to 6 p.m., Monday through Friday, Educational Resources for Children, Inc.'s fees are nearly equal to the previous year's fees for all centers. Future potential impacts may include continued disruptions or restrictions on our employees' ability to work and impairment of our ability to obtain contributions and volunteers. The future effects of these issues are unknown.

**NOTE IX – EVALUATION OF SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through January 7, 2021, the date which the financial statements were available to be issued. The following events have occurred subsequent to June 30, 2020:

**Grants:**

Educational Resources for Children, Inc. has been awarded three direct and one indirect COVID grants for the fiscal year 2019-20.

United Way COVID Emergency Fund -- \$25,000

Hartford Foundation – COVID Fund -- \$10,400

Graustien COVID Emergency Fund -- \$4,000

HFPG – TOS Grant -- \$50,000

The HFPG – TOS Grant was awarded in June of 2020 but the organization did not start spending the grant until June of 2020.

Due to the COVID pandemic, the organization had to furlough much of their staff and reduce their hours over the summer to keep costs at a minimum.

Federal legislation passed in December, 2020 includes a provision for a second round of Paycheck Protection Program Loans with various eligibility requirements. Educational Resources for Children, Inc. meets the eligibility requirements and intends to apply for a second draw Paycheck Protection Program Loan.