

EDUCATIONAL RESOURCES FOR CHILDREN, INC.

COMPARATIVE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
COMPARATIVE FINANCIAL STATEMENTS
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 & 2
Statements of Financial Position	3
Statement of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7



**HENRY, RAYMOND
& THOMPSON, LLC**

1340 Sullivan Avenue	One Hamden Center
South Windsor, CT 06074	2319 Whitney Ave, Suite 5-D
Tel: (860) 644-5825	Hamden, CT 06518
Fax: (860) 644-5731	Tel: (203) 288-4144
	Fax: (203) 248-9205

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, 2021 and 2020, 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.

www.HRMTCPAS.com • *info@HRMTCPAS.com*

Accounting, Auditing, Tax, Estate Planning, and Small Business Consulting Services

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Educational Resources for Children, Inc.'s 2020 financial statements and, our report dated January 7, 2021, 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, 2020, 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
November 3, 2021

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

Assets	2021	2020
Current assets		
Cash and cash equivalents	\$ 221,135	\$ 150,517
Grants and accounts receivable, net	112,677	8,641
Prepaid expenses	6,877	16,194
Total current assets	<u>340,689</u>	<u>175,352</u>
Property & Equipment		
Furniture and office equipment	66,507	66,507
Less accumulated depreciation and amortization	56,046	46,533
Net property and equipment	<u>10,461</u>	<u>19,974</u>
Total Assets	<u><u>\$ 351,150</u></u>	<u><u>\$ 195,326</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 17,540	\$ 24,865
Deferred Revenue	56,147	47,227
Refundable Advances	124,529	-
PPP Loan deferred revenue, net of spend-down	46,693	86,214
Line of Credit	-	70,000
Short-term loans	-	5,335
Total current liabilities	<u>244,909</u>	<u>233,641</u>
Total liabilities	<u>244,909</u>	<u>233,641</u>
Net Assets/(Deficit)		
Without donor restrictions	(3,707)	(113,919)
With Donor restrictions	109,948	75,604
Total net assets/(Deficit)	<u>106,241</u>	<u>(38,315)</u>
Total Liabilities and Net Assets/(Deficit)	<u><u>\$ 351,150</u></u>	<u><u>\$ 195,326</u></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, 2021
(With Summarized Financial Information for the Year Ended June 30, 2020)

			<u>Total</u>	
	Without Donor Restrictions	With Donor Restrictions	2021	2020
Public support and revenue:				
Contributions	\$ 363,554		\$ 363,554	\$ 203,396
Grants	438,001	111,900	549,901	450,223
Program service fees	271,329	-	271,329	337,503
Events	49,313	-	49,313	37,066
Other income	4,909	-	4,909	19
Net assets released from restrictions	77,556	(77,556)	-	-
Total revenues and other support	1,204,662	34,344	1,239,006	1,028,207
Expenses:				
Wages	726,597		726,597	642,257
Payroll taxes	66,513		66,513	57,607
Office expense	66,322		66,322	81,242
Rent	56,663		56,663	65,502
Insurance - medical	38,247		38,247	36,825
Program supplies and expense	40,245		40,245	26,576
Professional services	28,035		28,035	33,153
Events	19,767		19,767	12,402
Transportation	15,598		15,598	14,655
Insurance	14,764		14,764	17,264
Depreciation	9,513		9,513	9,918
Advertising	4,185		4,185	3,220
Bad debts	4,039		4,039	2,452
Interest	3,584		3,584	27,827
Subcontract services	378		378	11,567
Loss on Disposal of Assets	-		-	180
Total expenses	1,094,450	-	1,094,450	1,042,646
Change in net assets	110,212	34,344	144,556	(14,439)
Net assets - beginning of the year	\$ (113,919)	\$ 75,604	\$ (38,315)	\$ (8,140)
Net assets/(deficit) - end of the year	\$ (3,707)	\$ 109,948	\$ 106,241	\$ (22,579)

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, 2021 AND 2020

	2021			
	Program Services	Management and General	Fundraising	Total
Wages	\$ 556,617	\$ 112,655	\$ 57,325	\$ 726,597
Payroll taxes	53,210	13,303	-	66,513
Office expense	18,677	47,597	48	66,322
Rent	28,332	28,332	-	56,663
Insurance - medical	-	38,247	-	38,247
Program supplies and expense	37,825	-	2,420	40,245
Professional services	-	28,035	-	28,035
Events	6,664	-	13,103	19,767
Transportation	15,598	-	-	15,598
Insurance	12,321	2,443	-	14,764
Depreciation	-	9,513	-	9,513
Advertising	1,830	2,355	-	4,185
Bad Debts	4,039	-	-	4,039
Interest	-	3,584	-	3,584
Subcontract services	378	-	-	378
Loss on Disposal of Assets	-	-	-	-
	<u>\$ 735,490</u>	<u>\$ 286,063</u>	<u>\$ 72,897</u>	<u>\$ 1,094,450</u>

	2020			
	Program Services	Management and General	Fundraising	Total
Wages	\$ 487,215	\$ 104,768	\$ 50,273	\$ 642,256
Office expense	19,428	61,740	75	81,242
Rent	32,751	32,751	-	65,502
Payroll taxes	46,086	11,521	-	57,607
Insurance - medical & workers comp	-	36,825	-	36,825
Professional services	-	33,153	-	33,153
Interest	-	27,827	-	27,827
Program supplies and expense	15,888	-	10,688	26,576
Insurance	14,420	2,844	-	17,264
Transportation	14,655	-	-	14,655
Events	8,702	-	3,700	12,402
Subcontract services	11,567	-	-	11,567
Depreciation	-	9,918	-	9,918
Advertising	2,223	997	-	3,220
Bad debts	2,452	-	-	2,452
Loss on Disposal of Assets	-	180	-	180
	<u>\$ 655,387</u>	<u>\$ 322,525</u>	<u>\$ 64,735</u>	<u>\$ 1,042,646</u>

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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Increase/(Decrease) in net assets	\$ 144,556	\$ (30,175)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	9,513	9,918
Loss on disposal of assets	-	180
(Increase) decrease in operating assets:		
Grants and Accounts receivable	(104,036)	46,967
Prepaid expenses	9,317	2,525
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(7,325)	(15,891)
Refundable Advances	77,302	-
Deferred revenue	56,147	20,681
PPP Loan Deferred Revenue, net of spend-down	(39,521)	86,214
Net cash provided (used) by operating activities	<u>145,953</u>	<u>120,419</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>-</u>	<u>(14,213)</u>
Net cash used in investing activities	<u>-</u>	<u>(14,213)</u>
Cash Flows from Financing Activities:		
Proceeds from line of credit	-	35,000
Repayments on line of credit	(70,000)	(5,000)
Proceeds from short-term loans	15,500	107,000
Payment on short-term loan	(20,835)	(101,665)
Net cash provided by financing activities	<u>(75,335)</u>	<u>35,335</u>
Net increase in cash and cash equivalents	70,618	141,541
Cash and Cash Equivalents - beginning of the year	<u>150,517</u>	<u>8,976</u>
Cash and Cash Equivalents - end of the year	<u><u>\$ 221,135</u></u>	<u><u>\$ 150,517</u></u>
Supplementary Cash-flow information		
Cash paid for income taxes	\$ -	\$ -
Cash paid for Interest expense	\$ 378	\$ 27,827

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

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

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

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020 was \$0.

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.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received advances on cost-reimbursable grants of \$150,518 of which \$124,529 has not been expended.

Contributed Goods, Services and Facilities

During the years ended June 30, 2021 and 2020, the value of contributed goods, services and facilities meeting the requirements for recognition in the financial statements was \$3,227 and \$14,251 as follows:

Type	Amount		Contributor
	2021	2020	
Program Supplies	<u>3,227</u>	<u>14,521</u>	Various contributors
Totals	<u>\$ 3,227</u>	<u>\$ 14,521</u>	

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020 was \$9,513 and \$9,918, respectively.

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.

Refundable Advances

Refundable advances are amounts received on cost-reimbursable federal and state contracts and grants prior to incurring qualifying expenditures.

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Reclassifications

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

Advertising Costs

During the fiscal years ending 2021 and 2020, the Organization incurred advertising costs in the amounts of \$4,185 and \$3,220, 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 2017 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.

Recent Accounting Guidance

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the consolidated statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE II – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at June 30, 2021 and 2020:

Financial assets at year end	2021	2020
Cash and cash equivalents	\$ 221,135	150,517
Grants and accounts receivable, net	112,677	8,641
Total financial assets	333,812	159,158
Less amounts not available to be used within one year:		
Net assets with donor restrictions	109,948	75,604
Less net assets with purpose restrictions to be met less than a year	(109,948)	(75,604)
	-	-
Financial assets available to meet general expenditures over the next twelve months	\$ 333,812	\$ 159,158

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 2021 and 2020, the Organization received approximately 46 % and 44% of its total support and revenues from various government grants and funding. Additionally, during the fiscal years 2021 and 2020, the Organization received approximately 7% and 7% of its support from the United Way.

As of June 30, 2021 and 2020, 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.

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, 2021 and 2020:

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Specific Purpose		
Technology	\$ -	\$ 5,040
HFPG ED Transition Grant	21,267	-
Back Packs	-	2,213
Passage of time		
Summer Program	40,000	62,000
Program	<u>40,000</u>	<u>6,351</u>
	<u>\$ 101,267</u>	<u>\$ 75,604</u>

Net assets without donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ (3,707)	\$ (113,919)
Board-designated net assets	<u>-</u>	<u>-</u>
	<u>\$ (3,707)</u>	<u>\$ (113,919)</u>

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

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions		
HFPG TAG	\$ -	\$ 18,000
HFPG ED Transition Grant	9,205	-
Technology	-	34,960
Healthy meals, healthy minds	-	2,500
Program	-	74,717
Passage of time restrictions	<u>68,351</u>	<u>22,005</u>
	<u>\$ 77,556</u>	<u>\$ 152,182</u>

NOTE V – LOANS

Line of Credit:

The organization renewed their \$75,000 operating line of credit with Hedco, Inc in December of 2020. The line of credit has a maturity date of January 30, 2022, and does not have an outstanding balance as of June 30, 2021. Hedco, Inc. suspended the requirement to make interest payments until February 2022. The stated rate of interest on this loan is 4%.

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

The organization obtained two short-term loans from National Funding, Inc. totaling \$70,000. There is no balance outstanding as of June 30, 2021. The stated rate of interest on this loan is 42%.

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.

On June 9, 2021, Educational Resources for Children, Inc. applied for and received full forgiveness on the first Paycheck Protection Program loan. There is a zero balance on this loan, and Educational Resources for Children, Inc. has no further outstanding obligations against this loan.

On February 9, 2021, Educational Resources for Children, Inc. received loan proceeds in the amount of \$150,000 under the Paycheck Protection Program Second Draw (“PPP”). PPP loans and accrued interest are forgivable after a “covered period” of 24 weeks, starting on March 9, 2021 and ending on July 9, 2021, as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. Based on planned conformance with loan forgiveness requirements, ERFC, Inc. is expected to qualify for 100% forgiveness in the year 2021.

NOTE VI – LEASES

Office

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.

The Organization entered into a new lease agreement for the same space effective July 1, 2021 for a three year period ending June 30, 2024. Monthly payments under the lease vary from \$4,927 in the first year of the lease to \$5,775 in the final year of the lease.

Future minimum lease payments are as follows:

EDUCATIONAL RESOURCES FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Year Ending	
<u>June 30</u>	Amount
2022	59,125
2023	64,900
2024	69,300
	<u>\$193,325</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 1st and terminating June 30th of the following year, provided however, the Organization gives written notice of its intent to renew to the Town of Enfield by April 1st 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. Due to the COVID-19 health crisis, the Organization was unable to utilize the school building from March of 2020 through November of 2020. The Town of Enfield waived the Organizations responsibility to pay the rent until it was clear that the school would be utilized on a consistent basis. The annual lease expense is \$3,863 and \$15,102 for the fiscal years ending June 30, 2021 and 2020.

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 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 12, 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 four additional grants for the fiscal year 2021-22.

United Way Out of School Time Program -- \$40,000

CSDE Summer Enrichment Expansion Grant -- \$25,000

HFPG Executive Director Transition Grant -- \$31,900

Town Of Enfield – Enfield Department of Social services -- \$15,000