

# **STUDENTS 2 SCIENCE, INC.**

FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

AUGUST 31, 2020 AND 2019



**SOBEL & CO. LLC**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**STUDENTS 2 SCIENCE, INC.**

AUGUST 31, 2020 AND 2019

CONTENTS

	<b><u>Page</u></b>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements.....	7-20

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Students 2 Science, Inc.  
East Hanover, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Students 2 Science, Inc. ("Organization"), a nonprofit organization, which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization'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 Organization'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 Students 2 Science, Inc. as of August 31, 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.

***Emphasis of Matter***

On September 1, 2019, the Organization adopted Financial Accounting Standards Board, *Revenue from Contracts with Customers*, and *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as described in Note 2. Our opinion is not modified with respect to this matter.

*Sobel & Co, LLC*

Certified Public Accountants

Livingston, New Jersey  
January 29, 2021

**STUDENTS 2 SCIENCE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

---

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,666,606	\$ 1,181,928
Investments	110,643	96,808
Accounts receivable	11,750	150,550
Contributions receivable	658,071	810,000
Prepaid expenses	29,795	2,708
Total Current Assets	<u>2,476,865</u>	<u>2,241,994</u>
PROPERTY AND EQUIPMENT, Net	873,968	1,297,000
OTHER ASSETS:		
Security deposits	20,000	20,000
Total Assets	<u>\$ 3,370,833</u>	<u>\$ 3,558,994</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 61,197	\$ 101,817
Current portion of long-term debt	10,241	-
Refundable advance	310,000	-
Total Current Liabilities	<u>381,438</u>	<u>101,817</u>
Long-term debt, net of current portion	<u>214,659</u>	<u>-</u>
Total Liabilities	596,097	101,817
NET ASSETS:		
Without donor restrictions	2,029,236	1,066,759
With donor restrictions	745,500	2,390,418
Total Net Assets	<u>2,774,736</u>	<u>3,457,177</u>
Total Liabilities and Net Assets	<u>\$ 3,370,833</u>	<u>\$ 3,558,994</u>

**STUDENTS 2 SCIENCE, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended August 31, 2020			Year Ended August 31, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions	\$ 917,698	\$ 745,500	\$ 1,663,198	\$ 1,043,154	\$ 649,750	\$ 1,692,904
Admissions	70,365	-	70,365	241,750	-	241,750
In-kind contributions	651,320	-	651,320	577,871	-	577,871
Net assets released from restriction	2,390,418	(2,390,418)	-	1,186,623	(1,186,623)	-
Total Support and Revenue	4,029,801	(1,644,918)	2,384,883	3,049,398	(536,873)	2,512,525
<b>EXPENSES:</b>						
Program services	2,586,377	-	2,586,377	2,757,001	-	2,757,001
General and administrative	309,836	-	309,836	318,868	-	318,868
Fundraising	179,611	-	179,611	88,542	-	88,542
Total Expenses	3,075,824	-	3,075,824	3,164,411	-	3,164,411
LOSS FROM OPERATIONS	953,977	(1,644,918)	(690,941)	(115,013)	(536,873)	(651,886)
<b>NONOPERATING INCOME:</b>						
Investment income	7,499	-	7,499	5,056	-	5,056
Miscellaneous revenue	1,001	-	1,001	4,972	-	4,972
Gain on sale of assets	-	-	-	1,000	-	1,000
Total Nonoperating Income	8,500	-	8,500	11,028	-	11,028
CHANGES IN NET ASSETS	962,477	(1,644,918)	(682,441)	(103,985)	(536,873)	(640,858)
<b>NET ASSETS:</b>						
Beginning of year	1,066,759	2,390,418	3,457,177	1,170,744	2,927,291	4,098,035
End of year	\$ 2,029,236	\$ 745,500	\$ 2,774,736	\$ 1,066,759	\$ 2,390,418	\$ 3,457,177

*The accompanying notes are an integral part of these financial statements.*

**STUDENTS 2 SCIENCE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

	Year Ended August 31, 2020				Year Ended August 31, 2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 878,784	\$ 115,021	\$ 112,404	\$ 1,106,209	\$ 1,164,664	\$ 176,545	\$ 56,628	\$ 1,397,837
Salaries-in kind	283,808	-	-	283,808	242,502	-	-	242,502
Payroll taxes and benefits	102,185	13,377	13,073	128,635	126,522	19,173	6,150	151,845
Total Salaries and Related Cost	1,264,777	128,398	125,477	1,518,652	1,533,688	195,718	62,778	1,792,184
Facilities cost	448,340	15,970	15,970	480,280	436,795	16,722	16,722	470,239
Depreciation	411,751	-	-	411,751	346,193	-	-	346,193
Supplies	237,562	-	-	237,562	336,391	-	-	336,391
Consultants	111,250	15,056	-	126,306	-	-	-	-
Subscriptions	72,927	-	-	72,927	51,252	-	-	51,252
Professional fees	-	57,659	-	57,659	-	45,100	-	45,100
IT services	-	33,186	-	33,186	-	-	-	-
Fundraising events	-	-	33,074	33,074	-	-	-	-
Volunteer recruiting	17,067	-	-	17,067	-	-	-	-
Meals	11,014	3,352	309	14,675	15,554	2,434	342	18,330
Office expenses	-	13,556	-	13,556	-	20,382	-	20,382
Insurance	-	12,367	-	12,367	-	13,028	-	13,028
Dues and subscriptions	-	8,421	-	8,421	1,663	5,899	-	7,562
Website	-	8,408	-	8,408	-	-	-	-
Content development	5,354	-	-	5,354	13,211	-	-	13,211
Advertising	-	-	2,979	2,979	359	-	7,868	8,227
Laundry	2,787	-	-	2,787	2,203	-	-	2,203
Travel and conventions	-	2,265	-	2,265	-	1,657	-	1,657
Hiring	-	1,880	-	1,880	-	7,220	-	7,220
Operations	-	1,529	-	1,529	-	7,208	-	7,208
Interest expense	-	-	-	-	-	766	-	766
License and fees	-	-	-	-	-	250	-	250
Miscellaneous expense	3,548	7,789	1,802	13,139	19,692	2,484	832	23,008
Total Expenses	\$ 2,586,377	\$ 309,836	\$ 179,611	\$ 3,075,824	\$ 2,757,001	\$ 318,868	\$ 88,542	\$ 3,164,411

The accompanying notes are an integral part of these financial statements.

**STUDENTS 2 SCIENCE, INC.**  
**STATEMENTS OF CASH FLOWS**

	<b>Year Ended August 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<u>OPERATING ACTIVITIES:</u>		
Changes in net assets	\$ (682,441)	\$ (640,858)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Donated stock	(10,827)	(5,385)
Donated equipment	-	(60,560)
Depreciation	411,751	346,193
Unrealized gain on investments	(3,008)	(1,355)
Changes in certain assets and liabilities:		
Accounts receivable	138,800	-
Contributions receivable	151,929	305,800
Prepaid expenses	(27,087)	(858)
Accounts payable and accrued expenses	(40,620)	53,706
Refundable advance	310,000	-
Net Cash Provided by (Used for) Operating Activities	<u>248,497</u>	<u>(3,317)</u>
<u>INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(1,099)	(242,430)
Disposal of property and equipment	12,380	-
Net Cash Provided by (Used for) Investing Activities	<u>11,281</u>	<u>(242,430)</u>
<u>FINANCING ACTIVITIES:</u>		
Principal payments on note payable	-	(26,887)
Proceeds from notes payable	224,900	-
Net Cash Provided by (Used for) Financing Activities	<u>224,900</u>	<u>(26,887)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>484,678</b>	<b>(272,634)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	<u>1,181,928</u>	<u>1,454,562</u>
End of year	<u>\$ 1,666,606</u>	<u>\$ 1,181,928</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS</b>		
Cash paid for:		
Interest	<u>\$ -</u>	<u>\$ 766</u>
Noncash activities:		
Donated equipment	<u>\$ -</u>	<u>\$ 60,560</u>



**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

---

---

**NOTE 1 - NATURE OF ACTIVITIES:**

---

Students 2 Science, Inc. (“Organization”) is a not-for-profit corporation formed on March 20, 2009, in the state of New Jersey. The Organization’s mission is to inspire, motivate, and educate elementary, middle, and high school students to pursue careers in science, technology, engineering and math (“STEM”) subjects. They do so by providing an authentic, state-of-the-art laboratory experience complete with modern instrumentation and professional scientists. Additionally, the Organization offers a remote, web-based, virtual STEM experience that eliminates geographic and language constraints and broadens our reach to serve a wider audience. Teams of students, working collaboratively with scientific professionals who serve as role models, solve real life problems while being introduced to a wide variety of 21st century STEM career opportunities.

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

---

***Basis of Accounting:***

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Financial Statement Presentation:***

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

***Cash and Cash Equivalents:***

Cash and cash equivalents consists of funds maintained in bank accounts and short-term, highly liquid money market investments.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

---

***Fair Value:***

Fair value measurements are defined as the amount 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. There are three defined hierarchical levels based on the quality of inputs used that directly relate to the amount of subjectivity associated with the determination of fair value.

The fair value hierarchy defines the three levels as follows:

- Level 1:** Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2:** Valuations based on observable inputs other than Level 1 prices, such as: quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3:** Valuations based on unobservable inputs are used when little or no market is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

The fair values of investments are as follows:

*Common stock* – Shares in companies traded on national securities exchanges are valued at the closing price reported in the active market in which the individual securities are traded.

***Accounts Receivable:***

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The management of the Organization reviews the collectability of accounts receivable periodically based on historical trends and believes that, as of August 31, 2020 and 2019, an allowance for uncollectible receivables was deemed not necessary.

***Contributions Receivable:***

Contributions receivable are stated at the amount management expects to collect from outstanding balances. The management of the Organization reviews the collectability of contributions receivable periodically based on historical trends and believes that, as of August 31, 2020 and 2019, an allowance for uncollectible receivables was deemed not necessary.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

---

***Property and Equipment:***

Property and equipment purchases greater than \$2,000 that extend the useful lives of the assets are capitalized and recognized in the statements of financial position at cost. Donated property and equipment is recorded at fair value on the date of donation. During the year ended August 31, 2019, the Organization received equipment with a fair value of \$60,560. The Organization did not receive donated equipment during the year ended August 31, 2020.

Depreciation is recorded over the estimated useful lives of such assets as follows:

	<b>Method</b>	<b>Estimated Useful Life</b>
Lab equipment and software	Straight-line	5 years
Lab fixtures	Straight-line	10-20 years
Furniture and fixtures	Straight-line	5 years
Office equipment	Straight-line	5 years
Software	Straight-line	3 years

When assets are retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. Maintenance, repairs and minor replacements that do not improve or extend the life of an asset are expensed as incurred.

***Revenue Recognition:***

The Organization adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Update, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which went into effect for years beginning after December 15, 2018. This guidance is intended to clarify and improve the scope of accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improving guidance to better distinguish between conditional and unconditional contributions.

Contributions are recognized as revenue when they are received or unconditionally pledged. Conditional contributions are not recognized until the conditions are substantially met, or explicitly waived.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Revenue Recognition: (Continued)***

Contributions are recorded as revenue as either with or without donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributions with restrictions that are met in the same reporting period as they are received are reported as support without restriction.

Revenue from government grants is considered a conditional contribution and is not recognized until the conditions related to this revenue are substantially met, or explicitly waived. Cash received in excess of revenue recognized is reported as refundable advances.

The Organization also adopted the FASB accounting pronouncement, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that supersedes existing revenue recognition guidance. The Organization adopted the new standard effective September 1, 2019, the first day of the Organization's fiscal year using the modified retrospective approach. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. The FASB also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization derives a portion of its revenue from admissions. This revenue is recognized over time as services are provided to customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for providing the service. There are no significant financing components or variable considerations provided to clients.

***In-kind Contributions:***

The Organization receives donated equipment and professional services that create or enhance nonfinancial assets and allow the Organization to fulfill its mission. Donated professional services are recognized if the services received: create or enhance long-lived assets or require specialized skills; are provided by individuals possessing those skills; and would typically need to be purchased if not provided by donation.

The Organization also regularly receives services from volunteers who are not acting in a professional capacity; such volunteer services do not meet the criteria for financial statement recognition and are not included in the financial statements. Volunteers worked approximately 7,600 and 9,000 hours in 2020 and 2019, respectively.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

---

***Advertising:***

All advertising costs are expensed in the period they are incurred. During the year ended August 31, 2020 and 2019, the Organization reported approximately \$3,000 and \$8,000 of advertising expenses, respectively, that is included in advertising expense on the statements of functional expenses.

***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, accordingly, is not liable for federal and state income taxes.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during the years ended August 31, 2020 and 2019. At August 31, 2020 and 2019, there are no significant income tax uncertainties.

***Use of Estimates:***

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Recent Accounting Pronouncements:***

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the effect the new standard will have on the financial statements.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Recent Accounting Pronouncements: (Continued)***

The FASB issued an accounting pronouncement, *Contributed Nonfinancial Assets*, which requires organizations to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets apart from contributions of cash or other nonfinancial assets. Additional disclosure is required regarding the valuation techniques used, as well as any donor restrictions for the contributed nonfinancial assets. The standard is effective for annual reporting periods beginning after August 15, 2021. The Organization is currently evaluating the effect the new standard will have on the financial statements.

***Reclassifications:***

Certain amounts have been reclassified in the 2019 financial statements to conform to the 2020 presentation. This has no effect on the change in net assets.

***Subsequent Events:***

The Organization has evaluated its subsequent events and transactions occurring after August 31, 2020 through January 29, 2021, the date the financial statements were available to be issued.

**NOTE 3 - CONTRIBUTIONS RECEIVABLE:**

---

Contributions receivable consist of the following:

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
Corporate and corporate foundations	\$ 617,800	\$ 810,000
Foundations	5,000	-
Individuals	250	-
Fundraising	35,021	-
Total Contributions Receivable	<u>\$ 658,071</u>	<u>\$ 810,000</u>

**NOTE 4 - INVESTMENTS:**

---

Investments stated at fair value are as follows:

	<b>August 31, 2020</b>		<b>August 31, 2019</b>	
	<b>Cost</b>	<b>Fair Value</b>	<b>Cost</b>	<b>Fair Value</b>
Common Stock	<u>\$ 90,546</u>	<u>\$ 110,643</u>	<u>\$ 79,720</u>	<u>\$ 96,808</u>

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

**NOTE 4 - INVESTMENTS: (Continued)**

---

Investment income from these investments is summarized as follows:

	<b>Year Ended August 31,</b>	
	<b>2020</b>	<b>2019</b>
Interest and dividend income	\$ 4,491	\$ 3,701
Unrealized gain on investments	3,008	1,355
	<u>\$ 7,499</u>	<u>\$ 5,056</u>

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value, as follows:

**FAIR VALUE MEASUREMENTS**  
**AS OF AUGUST 31, 2020**

	<b><u>LEVEL 1</u></b>	<b><u>LEVEL 2</u></b>	<b><u>LEVEL 3</u></b>	<b><u>TOTAL</u></b>
Common Stock	<u>\$ 110,643</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,643</u>

**FAIR VALUE MEASUREMENTS**  
**AS OF AUGUST 31, 2019**

	<b><u>LEVEL 1</u></b>	<b><u>LEVEL 2</u></b>	<b><u>LEVEL 3</u></b>	<b><u>TOTAL</u></b>
Common Stock	<u>\$ 96,808</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,808</u>

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

---

**NOTE 5 - PROPERTY AND EQUIPMENT:**

---

Property and equipment are comprised of the following:

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
Lab equipment and software	\$ 2,263,487	\$ 2,262,388
Lab fixtures	186,951	186,951
Furniture and fixtures	155,698	155,698
Office equipment	29,496	29,496
Software	220,764	233,144
Total Gross Fixed Assets	2,856,396	2,867,677
Less: Accumulated depreciation	1,982,428	1,570,677
Property and Equipment, Net	<u>\$ 873,968</u>	<u>\$ 1,297,000</u>

**NOTE 6 - REFUNDABLE ADVANCE:**

---

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the CARES Act in May 2020 for \$310,000. The loan is to provide the Organization with working capital for the purpose of maintaining employment levels and paying occupancy costs during a stay-at-home period ordered by the governor of New Jersey. Paycheck Protection Program loans may be forgiven in part or in whole if the borrower maintains its employee count, as well as salary levels, during a specified period. The Organization expects to receive full forgiveness of the loan based on the criteria for forgiveness. The amount is recorded as a refundable advance on the statements of financial position.

Any portion of the loan that is not forgiven must be repaid. Loan payments, if any, are deferred under the PPP Flexibility Act which extends the deferral period until the date the lender receives the applicable forgiven amount from the Small Business Administration, which is not to exceed 10 months after the covered period and is payable with interest at 1%, through 2022. The loan is uncollateralized and guaranteed by the Small Business Administration.



**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

**NOTE 7 - LOANS PAYABLE:**

---

Loans payable consists of the following:

	<b>August 30,</b>	
	<b>2020</b>	<b>2019</b>
On June 19, 2020, the Organization secured a emergency injury disaster loan from the Small Business Administration, which is to be used for working capital purposes. The loan is payable over 30 years, beginning twelve months after the loan proceeds have been disbursed. Interest accrues at a rate of 2.75%. Installment payments, including interest and principal, are due monthly beginning June 19, 2021, in the amount of \$641. The loan is collateralized with all of the Organization's tangible assets.	\$ 149,900	\$ -
On May 15, 2020, the Organization secured a loan from Community Loan Fund of New Jersey, Inc., which is to be used for working capital purposes. The loan is payable over three years. During the first six months, no payments will be required. Thereafter, monthly interest-only payments for the next six months, followed by monthly payments of principal and interest. Interest accrues at a rate of 3.00%. The loan is collateralized with all of the Organization's assets.	75,000	-
	224,900	-
	(10,241)	-
Less: Current portion		
Loan Payable, net of current portion	<u>\$ 214,659</u>	<u>\$ -</u>

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

**NOTE 7 - LOANS PAYABLE: (Continued)**

---

Maturity of loan for each of the next five years and thereafter is as follows:

<b>Year Ending August 31,</b>		
2021	\$	10,241
2022		41,023
2023		31,746
2024		3,722
2025		3,826
Thereafter		134,342
	<u>\$</u>	<u>224,900</u>

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS:**

---

The following net assets with donor restrictions are available for the following purposes:

	<b>Year Ended August 31,</b>	
	<b>2020</b>	<b>2019</b>
Time restrictions	\$ 690,500	\$ 774,750
Newark Campaign	-	1,540,668
East Hanover programming	-	75,000
Newark Charter Schools	25,000	-
Paterson School District	30,000	-
Total Net Assets with Donor Restrictions	<u>\$ 745,500</u>	<u>\$ 2,390,418</u>

Net assets released from time-and-use restrictions consists of the following:

	<b>Year Ended August 31,</b>	
	<b>2020</b>	<b>2019</b>
Time restrictions	\$ 774,750	\$ 527,778
Newark Campaign	1,540,668	432,445
East Hanover programming	75,000	-
Website/Salesforce platform	-	226,400
Total Net Assets with Donor Restrictions	<u>\$ 2,390,418</u>	<u>\$ 1,186,623</u>

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

**NOTE 9 - IN-KIND CONTRIBUTIONS:**

---

In-kind contributions consist of the following:

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
Equipment	\$ -	\$ 60,560
Noncapitalized equipment	-	3,223
Professional services – V Lab	70,222	44,218
East Hanover rent	58,850	-
Newark rent	160,123	140,820
Newark salaries	283,808	242,502
Professional services	38,100	32,000
Lab supplies	36,444	52,500
Dry cleaning	2,787	2,048
Conference	195	-
Office supplies	791	-
Total In-kind Contributions	\$ 651,320	\$ 577,871

**NOTE 10 - CONCENTRATIONS:**

---

At August 31, 2020 and 2019, two and three donors accounted for approximately 65% and 90% of contributions receivable, respectively.

At August 31, 2020 and 2019, two and one customer(s) accounted for approximately 94% and 99% of accounts receivable, respectively.

The Organization received approximately 42% and 53% of its contribution revenue from three donors for the years ended August 31, 2020 and 2019, respectively.

The Organization received approximately 77% and 81% of its admission revenue from three and one customer(s) for the years ended August 31, 2020 and 2019, respectively.

The Organization received approximately 79% and 76% of its in-kind revenue from two donors for the years ended August 31, 2020 and 2019, respectively.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

---

---

**NOTE 11 - SIGNIFICANT RISKS AND UNCERTAINTIES:**

---

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents, receivables, and investments. The Organization maintains cash and cash equivalent balances at a financial institution. At times, cumulative balances may exceed the insured limit.

All of the Organization's investments are concentrated in equities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

The Organization is actively monitoring the recent COVID-19 outbreak and its potential impact on its employees, volunteers, donors, and operations. It is not known at this time how much effect the virus will have on operations and/or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

---

**NOTE 12 - COMMITMENTS AND CONTINGENCIES:**

---

The Organization conducts all of its operations from a leased facility under an operating lease that expired on October 31, 2019. In November 2019, the Organization exercised an option to extend terms through October 2024.

Monthly payments amounted to \$198,972 and \$233,692 for the years ending August 31, 2020 and 2019, respectively, and is included in facilities cost on the statements of functional expenses.

Lease payments due under the above leases are as follows:

<b>Fiscal Year Ending August 31,</b>	<b>Amount</b>
2021	\$ 265,808
2022	273,574
2023	281,730
2024	290,182
2025	48,600
	<u>\$ 1,159,894</u>

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

---

---

**NOTE 12 - COMMITMENTS AND CONTINGENCIES: : (Continued)**

---

For the year ending August 31, 2020, the landlord of the facility provided five months of donated rent. The value of the donated rent was approximately \$59,000 and is recorded in in-kind revenue on the statement of activities and changes in net assets, and facilities expense on the statement of functional expenses for the year ended August 31, 2020.

In September 2017, the Organization entered into a memorandum of understanding with Newark Public Schools to inspire, motivate and educate Newark students to pursue careers in science, technology, engineering and mathematics. Newark Public Schools committed to donating commercial office space in Newark to be occupied and operated by the Organization exclusively for the Newark Public School students through August 2021. The value of the donated office space was approximately \$160,000 and \$141,000 and is included in in-kind revenue on the statements of activities and changes in net assets, and facilities cost on the statements of functional expenses for the years ended August 31, 2020 and 2019, respectively.

---

**NOTE 13 - CLASSES/INSTRUCTIONS:**

---

For the years ended August 31, 2020 and 2019, the Organization ran 156 and 223 “Improving Student Affinity and Aptitude for Careers in STEM” classes, which provided instruction for 4,794 and 7,629 students, respectively.

In addition, the Organization hosted 782 and 1,020 virtual laboratory sessions, which had 16,095 and 21,248 students participate for the years ended August 31, 2020 and 2019, respectively.

---

**NOTE 14 - FUNCTIONAL EXPENSES:**

---

The costs of providing the various programs and other activities have been summarized on a functional basis on the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting services. Management and general expenses are those not directly identifiable with any specific function, but which provide for the overall support and direction of the Organization.

The financial statements contain certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Facility costs have been allocated based on square footage ratably between program services, management and general, and fundraising. All other expenses, including salaries and related expenses, have been allocated between program services, management and general, and fundraising based on direct costs.

**STUDENTS 2 SCIENCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 AND 2019**

---

**NOTE 15 - LIQUIDITY AND AVAILABILITY:**

---

The following represents the Organization's financial assets, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include donor-restricted amounts that are available for general expenditure in the following year.

	<b>August 31,</b>	
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 1,666,606	\$ 1,181,928
Investments	110,643	96,808
Accounts receivable	11,750	150,250
Contributions receivable	658,071	810,300
Total financial assets	<u>2,447,070</u>	<u>2,239,286</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	745,500	2,390,418
Net assets with purpose restrictions to be met in less than one year	<u>(595,500)</u>	<u>(1,582,584)</u>
Total amounts not available to be used within one year (estimated)	<u>150,000</u>	<u>807,834</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 2,297,070</u>	<u>\$ 1,431,452</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity plan, excess cash is invested in short-term investments, such as money market accounts and level one investments.