



Audited Financial Statements

June 30, 2020

Independent Auditor's Report

To the Board of Directors of
iMentor, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of iMentor, Inc. ("iMentor"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

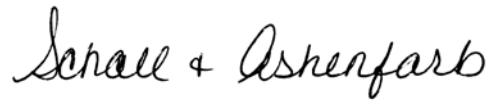
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Summarized Comparative Information

We have previously audited iMentor's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 13, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

November 10, 2020

iMENTOR, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2020
(With comparative totals at June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Assets		
Cash and cash equivalents	\$11,779,946	\$9,374,904
Investments (Note 3)	1,246,611	1,213,658
Contributions and grants receivable, net (Note 4)	15,120,047	19,534,475
Prepaid expenses and other receivables (Note 5)	708,759	683,459
Investments held for endowment (Notes 3 and 9)	6,487,697	6,131,118
Fixed assets (net of accumulated depreciation) (Note 6)	2,117,288	1,471,655
Security deposits	19,250	286,742
	<u> </u>	<u> </u>
Total assets	<u><u>\$37,479,598</u></u>	<u><u>\$38,696,011</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$1,180,112	\$1,798,472
Deferred revenue	0	25,000
Paycheck Protection Program loan payable (Note 7)	2,757,462	0
Deferred rent	876,326	59,790
	<u> </u>	<u> </u>
Total liabilities	<u>4,813,900</u>	<u>1,883,262</u>
Net assets:		
Without donor restrictions	9,033,946	8,451,715
With donor restrictions (Notes 8 and 9)	23,631,752	28,361,034
	<u> </u>	<u> </u>
Total net assets	<u>32,665,698</u>	<u>36,812,749</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$37,479,598</u></u>	<u><u>\$38,696,011</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

iMENTOR, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/20	Total 6/30/19
Public support and revenue:				
Contributions:				
Foundation	\$2,317,380	\$4,077,712	\$6,395,092	\$5,911,634
Corporate	489,177	962,111	1,451,288	2,236,794
Board	2,160,908		2,160,908	3,113,681
Other individual	1,207,302	50,000	1,257,302	1,211,908
Strategic capital		1,204,026	1,204,026	5,487,763
Special events (Note 10)	4,312,171		4,312,171	1,149,439
In-kind (Note 2i)	249,376		249,376	442,881
School, district & partner fees	1,848,899		1,848,899	1,705,100
Rental income	27,130		27,130	190,970
Investment income (Note 3)	237,391	356,579	593,970	434,572
Other income	12,810		12,810	5,402
Net assets released from restriction (Note 7)	11,379,710	(11,379,710)	0	0
Total public support and revenue	<u>24,242,254</u>	<u>(4,729,282)</u>	<u>19,512,972</u>	<u>21,890,144</u>
Expenses:				
Program services	17,917,854		17,917,854	16,187,472
Supporting services:				
Management and general	3,435,389		3,435,389	3,161,176
Fundraising	2,194,013		2,194,013	2,012,500
Total supporting services	<u>5,629,402</u>	<u>0</u>	<u>5,629,402</u>	<u>5,173,676</u>
Total operating expenses	<u>23,547,256</u>	<u>0</u>	<u>23,547,256</u>	<u>21,361,148</u>
Change in net assets from operations	694,998	(4,729,282)	(4,034,284)	528,996
Non-operating activity:				
Nonrecurring moving costs (Note 2c)	(112,767)		(112,767)	0
Total non-operating activity	<u>(112,767)</u>	<u>0</u>	<u>(112,767)</u>	<u>0</u>
Change in net assets	582,231	(4,729,282)	(4,147,051)	528,996
Net assets - beginning of year	<u>8,451,715</u>	<u>28,361,034</u>	<u>36,812,749</u>	<u>36,283,753</u>
Net assets - end of year	<u>\$9,033,946</u>	<u>\$23,631,752</u>	<u>\$32,665,698</u>	<u>\$36,812,749</u>

The attached notes and auditor's report are an integral part of these financial statements.

iMENTOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Supporting Services			Total Expenses 6/30/20	Total Expenses 6/30/19*	
	Program Services	Management and General	Fundraising			Total Supporting Services
Salaries and benefits	\$13,005,844	\$2,618,670	\$1,618,052	\$4,236,722	\$17,242,566	\$15,639,745
Rent and office management	1,254,521	150,406	124,297	274,703	1,529,224	1,440,510
Professional fees (including in-kind of \$236,636 and \$442,881)	557,992	291,577	124,692	416,269	974,261	1,036,274
Software and technology	654,438	88,180	58,448	146,628	801,066	751,557
Program recruiting, screening, training & events	917,116			0	917,116	464,204
Travel	293,529	33,519	33,361	66,880	360,409	398,458
Research and evaluation	7,835			0	7,835	18,535
Marketing	73,407	13,491	34,327	47,818	121,225	121,374
Staff recruiting and professional development	132,328	130,874	22,635	153,509	285,837	223,524
Insurance	143,223	23,003	6,472	29,475	172,698	151,272
Other expenses	71,648	60,915	534,625	595,540	667,188	373,602
Nonrecurring moving costs		112,767		112,767	112,767	0
Depreciation and amortization	805,973	24,754	14,116	38,870	844,843	1,008,936
Total expenses	17,917,854	3,548,156	2,571,025	6,119,181	24,037,035	21,627,991
Less:						
Direct special event expenses netted with revenue			(377,012)	(377,012)	(377,012)	(266,843)
Nonrecurring moving costs		(112,767)		(112,767)	(112,767)	0
Total expenses for statement of activities	\$17,917,854	\$3,435,389	\$2,194,013	\$5,629,402	\$23,547,256	\$21,361,148

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

iMENTOR, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(With comparative totals for the year ended June 30, 2019)

	<u>6/30/20</u>	<u>6/30/19</u>
Cash flows from operating activities:		
Change in net assets	(\$4,147,051)	\$528,996
Adjustments to reconcile change in net assets to net cash used for by operating activities:		
Depreciation and amortization	844,843	1,008,936
Unrealized loss/(gain) on investments	2,452,288	(377,608)
Realized (gain)/loss on investments	(2,817,088)	100,150
Donated stock	(4,862,599)	(5,951,656)
Changes in assets and liabilities:		
Contributions and grants receivable	4,414,428	(648,832)
Prepaid expenses and other receivables	(25,300)	(451,373)
Security deposits	267,492	(2,930)
Accounts payable and accrued expenses	(618,360)	881,094
Deferred revenue	(25,000)	25,000
Paycheck Protection Program loan payable	2,757,462	0
Deferred rent	816,536	(123,993)
Total adjustments	<u>3,204,702</u>	<u>(5,541,212)</u>
Net cash flows used for by operating activities	<u>(942,349)</u>	<u>(5,012,216)</u>
Cash flows from investing activities:		
Purchase of fixed assets	(1,490,476)	(1,128,046)
Purchase of investments	(8,441,771)	(136,248)
Proceeds from sale of securities	13,279,638	5,696,152
Net cash flows provided by investing activities	<u>3,347,391</u>	<u>4,431,858</u>
Net increase/(decrease) in cash and cash equivalents	2,405,042	(580,358)
Cash and cash equivalents - beginning of year	<u>9,374,904</u>	<u>9,955,262</u>
Cash and cash equivalents - end of year	<u><u>\$11,779,946</u></u>	<u><u>\$9,374,904</u></u>
No interest or income taxes were paid.		
Supplemental disclosure of non-cash investing activities:		
Disposal of fixed assets:	<u>\$729,892</u>	<u>\$0</u>

The attached notes and auditor's report are an integral part of these financial statements.

iMENTOR, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

Note 1 - Nature of Entity

iMentor, Inc. (“iMentor”) is a not-for-profit organization that partners with public high schools in low-income communities, where a majority of students served will be first-generation college graduates. iMentor builds mentoring relationships, which empower students to navigate high school, succeed in college, and achieve their ambitions. Since 1999, iMentor has matched more than 33,000 students across the country with mentors.

Our Model:

Whole-School Model: iMentor matches every student in a school with a college-educated mentor who is deeply integrated into each school’s culture.

Long-Term Mentoring Relationships: Mentors commit to working with a single student for a minimum of three years, building their relationships through weekly online communication and monthly in-person meetings.

Curriculum and Staff Support: iMentor provides the expertise and support mentors need to be effective, including a college success curriculum that guides each weekly interaction and a full-time staff member responsible for the success of the relationship.

Personalized Guidance: Mentors gain a holistic understanding of their mentee’s individual talents, aspirations, and challenges, which allows them to provide a level of personalized support that could not be achieved through traditional school counseling alone.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Presentation

The financial statements of iMentor have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

Effective July 1, 2019, iMentor adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective July 1, 2019, iMentor adopted (“ASU”) No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new

standard, iMentor evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, iMentor applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both of these standards resulted in no significant changes in the way iMentor recognizes revenue.

Not-for-profit organizations report information regarding its financial position and activities according to specific classes of net assets as follows:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact in perpetuity.

b. Revenue Recognition

iMentor has adopted Topic 606 using the modified retrospective method applied to all contracts after July 1, 2019 and continues to use legacy GAAP for all contracts before July 1, 2019.

The Organization analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

School, district, and partner fees revenue fall under Topic 606 and consist of contracts with various partner organizations; whereby, revenue is recognized over the period of time iMentor is required to perform services to youth enrolled in its programs. Fees that have not been collected at year end are reflected as fees receivable. Amount collected in advance are recognized as deferred revenue.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a 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.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. Conditional pledges that have not been recognized amounted to \$2,519,346 and \$2,500,000 at June 30, 2020 and 2019, respectively.

Contributions are recognized at net realizable value if expected to be received within one year, or at fair value using risk-adjusted present value techniques if expected to be received in more than one year.

Pledges are reviewed for collectability using past experience, historical trends, and specific knowledge of each donor. The allowance for doubtful accounts was approximately \$270,000 and \$235,000 at June 30, 2020 and 2019, respectively.

c. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to iMentor's ongoing services. Non-operating activities are limited to nonrecurring moving costs.

d. Cash and Cash Equivalents

Liquid investments other than amounts held by the investment custodian for long-term purposes and have an initial maturity of three months or less are reflected as cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments which potentially subject iMentor to concentration of credit risk consist of cash, money market accounts, and investment securities. iMentor invests with financial institutions that management deems to be creditworthy. Uninsured balances were \$11,405,376 and \$9,137,687, at June 30, 2020 and 2019, respectively. However, iMentor has not experienced any losses due to the failure of any financial institution.

f. Investments

Investments are stated at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses are included in income on the statement of activities.

g. Fixed Assets

Fixed assets to which iMentor retains title and capital items purchased which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets consist of leasehold improvements, furniture, equipment, and computers, and include the technology platform and the iMentor.org website. All fixed assets are depreciated over the estimated useful life of the respective asset or lease term using the straight-line method.

h. Deferred Rent

Rent expense is recorded on the straight-line basis over the life of the lease. Rent expense recognized in excess of cash payments, primarily due to free rent received at the beginning of the lease, is reflected as deferred rent. As future payments exceed the annual expense recognized, deferred rent will be reduced to zero by the end of the lease term.

i. Donated Services

iMentor recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills, and would typically be purchased if not donated.

The following in-kind services and donations were recorded:

	<u>6/30/20</u>	<u>6/30/19</u>
Legal	\$103,845	\$140,113
Mentor community and recruitment strategy	58,724	0
Program curriculum, events and student learning	74,067	0
Strategic planning consultant	0	107,888
Presentation services	0	3,060
Data protection consultant	0	191,820
Computers for students	<u>12,740</u>	<u>0</u>
	<u>\$249,376</u>	<u>\$442,881</u>

In-kind gifts used for fundraising events, where the donor received a direct benefit, amounted to \$26,322 during the year ended June 30, 2019. There were no in-kind gifts used for fundraising events for the year ended June 30, 2020. Because direct costs such as these are netted against revenue, there is no net effect on any financial statement lines or in the aggregate.

j. Promotional Costs

Promotional costs are expensed as incurred.

k. Use of Estimates

The preparation of financial statements in accordance 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. Actual results could differ from those estimates.

l. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following costs are allocated by time and effort:

- Salaries and benefits
- Marketing

The following costs are allocated based on headcount at the various office locations:

- Rent and office management
- Software and technology
- Staff recruiting and professional development
- Depreciation

All other expenses have been charged directly to the applicable program or supporting service.

m. Summarized Comparative Information

The 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. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2019, from which the summarized information was derived.

n. Tax Status

iMentor has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

iMentor does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2017 and later are subject to examination by applicable taxing authorities.

o. New Accounting Pronouncement

FASB issued ("ASU") No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

FASB issued ("ASU") No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the June 30, 2022 (December 31, 2022) year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line item presentation on the statement of activities and additional disclosures.

iMentor is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Investments

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that iMentor has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2020 and June 30, 2019, all investments were considered to be level 1 securities and consist of the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Equities – U.S.	\$2,820,116	\$4,204,773
Equities – non-U.S.	1,130,294	1,040,368
Bonds	3,667,368	1,256,471
Money Funds/Cash	116,530	621,119
Commodity Funds	<u>0</u>	<u>222,045</u>
Total	<u>\$ 7,734,308</u>	<u>\$7,344,776</u>

Level 1 securities are valued at the closing price reported on the active market they are traded on.

Investment income for the years ended June 30, 2020 and June 30, 2019 is as follows:

	<u>6/30/20</u>	<u>6/30/19</u>
Interest and dividends	\$252,790	\$157,114
Realized gain on sale of investments - endowment	2,808,867	0
Realized gain/(loss) on sale of investments – other	8,221	(100,150)
Unrealized (loss)/gain – endowment	(2,452,288)	381,737
Unrealized loss - other	0	(4,129)
Investment fees	<u>(23,620)</u>	<u>0</u>
Total	<u>593,970</u>	<u>\$434,572</u>

In January 2020, to lower risk in the endowment portfolio, iMentor modified their asset allocation from a growth to a balanced portfolio. This resulted in large realized gains and unrealized losses for the year ended June 30, 2020 due to the original cost basis of the securities, some of which date back to the inception of the endowment.

Note 4 - Contributions Receivable

Contributions receivable are due as follows:

Year ending:	June 30, 2021	\$ 8,631,439
	June 30, 2022	4,152,000
	June 30, 2023	2,115,250
	June 30, 2024	10,000
	Greater than five years	<u>685,754</u>
		\$15,594,443
Less: fair value discount at 2%		(204,294)
Less: allowance for doubtful accounts		<u>(270,102)</u>
Total		<u>\$15,120,047</u>

Note 5 - Other Receivables

In connection with the October 2020 move of the National and New York office, iMentor incurred certain costs for leasehold improvements for which the landlord agreed to provide reimbursement. As of June 30, 2020, and June 30, 2019, the amounts due from the landlord were \$405,303 and \$223,287, respectively. These amounts were included as other receivables on the statement of financial position.

Note 6 - Fixed Assets

Fixed assets can be summarized as follows:

	<u>6/30/20</u>	<u>6/30/19</u>	<u>Useful Life</u>
Software and website	\$8,071,200	\$7,031,025	3 years
Leasehold improvements	67,684	606,823	<i>lower of the life of the lease or 7 years</i>
Computers and technology	527,855	482,460	3 years
Furniture and fixtures	<u>483,268</u>	<u>269,114</u>	7 years
	9,150,007	8,389,422	
Less: accumulated depreciation and amortization	<u>(7,032,719)</u>	<u>(6,917,767)</u>	
Fixed assets, net	<u>\$2,117,288</u>	<u>\$1,471,655</u>	

In October 2019, iMentor's National and New York office relocated and signed a new lease as discussed in Note 11. Prior to the move, the leasehold improvement costs were fully amortized and included in the accumulated depreciation as of June 30, 2019. At the new office location, iMentor received a tenant improvement credit from the landlord that reduced the total leasehold improvement purchases to \$67,684 for the year ended June 30, 2020.

Note 7 - Paycheck Protection Program Loan

During the year ended June 30, 2020, iMentor obtained a loan from the SBA in the amount of \$2,757,462 through the Paycheck Protection Program. The loan terms indicate that if certain conditions are met, which include maintaining average workforces during periods subsequent to receipt of the loan funds that are not less than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a six-month deferral of payments and interest will accrue at 1%. iMentor opted for the 24-week cover period and will be applying for forgiveness in November of 2020. iMentor anticipates it will qualify for full forgiveness.

iMentor expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution. As the condition of having the SBA agree to the amount of forgiveness is expected to occur during fiscal year 2021, revenue is expected to be recognized during that year.

Note 8 - Net Assets with Donor Restrictions

Net assets were released from donor restrictions by satisfying the following purpose restrictions:

	<u>6/30/20</u>	<u>6/30/19</u>
Strategic capital	\$ 5,185,009	\$4,931,669
Direct and national programs	<u>6,194,701</u>	<u>5,121,149</u>
Total	<u>\$ 11,379,710</u>	<u>\$10,052,818</u>

Net assets with donor restrictions were available for the following:

	<u>6/30/20</u>	<u>6/30/19</u>
Purpose restrictions:		
Strategic capital	\$15,381,493	\$19,346,344
Direct and national programs	<u>1,076,809</u>	<u>2,197,819</u>
Total purpose restrictions	16,458,302	21,544,163
Time restrictions	<u>685,753</u>	<u>685,753</u>
Total purpose and time restrictions	<u>17,144,055</u>	<u>22,229,916</u>
Endowment earnings	2,586,697	2,230,118
Endowment corpus	<u>3,901,000</u>	<u>3,901,000</u>
Total endowment	<u>6,487,697</u>	<u>6,131,118</u>
Total	<u>\$23,631,752</u>	<u>\$28,361,034</u>

Note 9 - Investments Held for Endowment

iMentor has an endowment fund that was established in June 2008. The interest and dividends from these investments can be used to support iMentor’s general activities. Additionally, the endowment includes earnings from investment gains that have not been designated for specific use by the donor and have not yet been appropriated by the Board of Directors. These have been classified as with donor restrictions until appropriated for expenditure by the Board.

Interpretation of Relevant Law

iMentor follows the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), which the Board of Directors has interpreted to require certain amounts be retained permanently. Absent explicit donor stipulations to the contrary, iMentor will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, iMentor has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

As a result of this interpretation, iMentor classifies donor restricted net assets as (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Spending Policies

In accordance with NYPMIFA, iMentor considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of iMentor and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of iMentor
- (7) The investment policies of iMentor
- (8) Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on iMentor

Changes in endowment net assets for the years ended June 30, 2020 and 2019 are as follows:

	<u>June 30, 2020</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$2,230,118	\$3,901,000	\$6,131,118
Unrealized loss	(2,452,288)	0	(2,452,288)
Realized gain on investments	<u>2,808,867</u>	<u>0</u>	<u>2,808,867</u>
Endowment net assets, end of year	<u>\$ 2,586,697</u>	<u>\$3,901,000</u>	<u>\$6,487,697</u>

	<u>June 30, 2019</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$1,848,381	\$3,901,000	\$5,749,381
Unrealized gain	<u>381,737</u>	<u>0</u>	<u>381,737</u>
Endowment net assets, end of year	<u>\$2,230,118</u>	<u>\$3,901,000</u>	<u>\$6,131,118</u>

Endowment Investment Policies

iMentor has adopted an investment policy for endowment assets that relies on the accumulation of interest, dividends and other market value gains for future appropriation.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires iMentor to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2020 or 2019.

Note 10 - Special Events

iMentor hosts multiple special events throughout the year. During October 2019, iMentor hosted its 20th Anniversary event, which resulted in significantly higher event donations over the prior year. iMentor's regional spring events, due to COVID-19, were cancelled, which resulted in lower donations for 2020. The special events can be summarized as follows:

	<u>June 30, 2020</u>		
	<u>National</u>	<u>Regional</u>	<u>Total</u>
Gross contributions	\$4,667,705	\$21,478	\$4,689,183
Less: expenses with a direct benefit to donors	<u>(373,723)</u>	<u>(3,289)</u>	<u>(377,012)</u>
	4,293,982	18,189	4,312,171
Less: other event expenses	<u>(144,749)</u>	<u>(1,007)</u>	<u>(145,756)</u>
Total	<u>\$4,149,233</u>	<u>\$17,182</u>	<u>\$4,166,415</u>

	<u>June 30, 2019</u>		
	<u>National</u>	<u>Regional</u>	<u>Total</u>
Gross contributions	\$1,189,650	\$226,632	\$1,416,282
Less: expenses with a direct benefit to donors	<u>(167,768)</u>	<u>(99,075)</u>	<u>(266,843)</u>
	1,021,882	127,557	1,149,439
Less: other event expenses	<u>(91,829)</u>	<u>(6,870)</u>	<u>(98,699)</u>
Total	<u>\$930,053</u>	<u>\$120,687</u>	<u>\$1,050,740</u>

Note 11 - Commitments and Contingencies

iMentor has a non-cancelable lease for office space in New York City. The lease commenced in October 2019 and runs through October 2034. Under terms of the new lease, an irrevocable standby letter of credit was established for the benefit of this landlord. Additionally, iMentor has a lease for office space in Baltimore. The lease commenced in November 2019 and runs through October 2023. The minimum annual commitments for both lease payments are as follows:

Year ending:		
	June 30, 2021	\$1,192,000
	June 30, 2022	1,193,041
	June 30, 2023	1,172,848
	June 30, 2024	1,171,352
	June 30, 2025	1,199,510
	Thereafter	<u>11,685,363</u>
Total		<u>\$17,614,114</u>

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

iMentor maintains a revolving line of credit agreement with a financial institution whereby it is permitted to borrow a maximum of \$5,000,000 with an interest rate of LIBOR plus 3%. The line of credit will expire on December 25, 2020. The line is collateralized against iMentor's inventory, equipment and receivables. The full amount of the line remains available as of June 30, 2020.

Note 12 - Related Party Transactions

During the year ended June 30, 2019, the majority of donated legal services were performed by a law firm of which a member of the Board of Directors is a partner.

Note 13 - Risk and Uncertainties

iMentor has investments that are exposed to various risks such as interest rate, market and credit risks. Changes in the value of investment securities may occur in the near term and such changes could affect the amounts reported in the statement of financial position.

iMentor is exposed to various risks of loss-related torts. Such risks include, but are not limited to theft, damage and/or destruction of assets, actions of employees, and natural disasters.

Note 14 - Retirement Plan

iMentor has a tax deferred annuity plan under IRS section 401(k) for employees that have completed 3 months of service and are at least 21 years of age. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable Federal and state guidelines governing deferred compensation programs. iMentor provides a 4% employer match on employee contributions. iMentor contributed \$333,435 and \$318,974 to the plan, during the years ended June 30, 2020 and 2019, respectively.

Note 15 - Liquidity and Availability of Financial Resources

Financial assets are available within one year of the date of the statement of financial position for general expenditure as follows:

Cash and cash equivalents	\$11,779,946	
Investments	1,246,611	
Contributions and grants receivable – due within one year	<u>8,631,439</u>	
Total financial assets		\$21,657,996
Less amounts not available for general expenditure:		
Net assets with donor restrictions:		
Purpose restrictions, less amounts due after one year		<u>(10,430,802)</u>
Financial assets available to meet cash needs		
for general expenditures within one year		<u>\$11,227,194</u>

iMentor maintains endowment funds that are held in perpetuity. iMentor also maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, iMentor operates its programs within a board approved budget and relies on grants and earned income to fund its operations and program activities.

Note 16 - Other Matters – COVID-19

During the year, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. Since then, the pandemic has led to quarantines, facility closures, and travel and logistics restrictions that have hurt workforces, economies, and financial markets. This could decrease spending, adversely affect demand for iMentor’s services and harm iMentor’s business and results of operations. As of the date of these financial statements, the potential impact of these events on iMentor cannot be quantified.

As a result, iMentor created four initiatives to respond to this outbreak:

Adapting our Program Design

- Redesign of curriculum for 100% remote learning
- Creation of resources for students pursuing jobs after high school

Meeting Urgent Student Needs

- Creating and distributing emergency funding for students and families
- Sharing local resources for social-emotional well-being

Creating New Mentoring Relationships

- Establishing 2,000 new mentor relationships
- Creating new tools to support virtual advising sessions

Advancing Racial Equity

- Equity education program for mentors
- Creating tools for dialogue about racial justice

In addition to supporting our students and mentors, iMentor has adjusted policies and practices to support the staff’s well-being through the pandemic.

Note 17 - Subsequent Events

Management has evaluated the impact of all subsequent events through November 10, 2020, which is the date that the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.