



Audited Financial Statements

June 30, 2022

Independent Auditors' Report

To the Board of Directors of
iMentor, Inc.

Opinion

We have audited the accompanying financial statements of iMentor, Inc. ("iMentor"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of iMentor as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

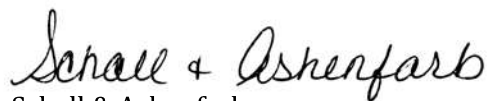
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of iMentor's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about iMentor's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the iMentor's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

November 18, 2022

iMENTOR, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022
(With comparative totals at June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Assets		
Cash and cash equivalents	\$9,807,364	\$17,244,099
Investments (Note 3)	9,495,239	1,364,686
Contributions and grants receivable, net (Note 4)	9,635,396	12,711,681
Prepaid expenses and other receivables	289,258	156,056
Fixed assets (net of accumulated depreciation) (Note 5)	1,710,110	1,841,391
Security deposits	13,710	14,900
Investments held for endowment (Notes 3 and 9)	<u>6,632,662</u>	<u>7,945,772</u>
 Total assets	 <u><u>\$37,583,739</u></u>	 <u><u>\$41,278,585</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$1,298,142	\$1,135,245
Deferred revenue	7,143	10,000
Paycheck Protection Program loan payable (Note 6)	0	2,000,000
Deferred rent	<u>982,746</u>	<u>931,185</u>
 Total liabilities	 <u><u>2,288,031</u></u>	 <u><u>4,076,430</u></u>
Net assets:		
Without donor restrictions	17,354,970	14,237,196
With donor restrictions (Notes 8 and 9)	<u>17,940,738</u>	<u>22,964,959</u>
 Total net assets	 <u><u>35,295,708</u></u>	 <u><u>37,202,155</u></u>
 Total liabilities and net assets	 <u><u>\$37,583,739</u></u>	 <u><u>\$41,278,585</u></u>

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

iMENTOR, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/22	Total 6/30/21
Public support and revenue:				
Contributions:				
Foundation	\$2,715,129	\$3,280,265	\$5,995,394	\$7,395,438
Corporate	569,315	4,968,958	5,538,273	3,068,274
Board	1,650,709		1,650,709	1,744,929
Other individual	2,484,522	500,000	2,984,522	2,261,086
Strategic capital		311,674	311,674	1,859,802
In-kind (Note 2i)	27,067		27,067	9,664
School, district & partner fees	1,551,940		1,551,940	1,547,504
Investment return (Note 3)	115,927	(1,313,110)	(1,197,183)	1,549,075
Other income	4,570		4,570	341
Paycheck Protection Program loan forgiveness (Note 6)	2,000,000		2,000,000	2,757,462
Employer Retention Tax Credit (Note 7)			0	2,041,333
Net assets released from restriction (Note 8)	12,772,008	(12,772,008)	0	0
Total public support and revenue	<u>23,891,187</u>	<u>(5,024,221)</u>	<u>18,866,966</u>	<u>24,234,908</u>
Expenses:				
Program services	15,763,590		15,763,590	15,009,998
Supporting services:				
Management and general	3,161,620		3,161,620	3,161,080
Fundraising	1,848,203		1,848,203	1,527,373
Total supporting services	<u>5,009,823</u>	<u>0</u>	<u>5,009,823</u>	<u>4,688,453</u>
Total expenses	<u>20,773,413</u>	<u>0</u>	<u>20,773,413</u>	<u>19,698,451</u>
Change in net assets	3,117,774	(5,024,221)	(1,906,447)	4,536,457
Net assets - beginning of year	<u>14,237,196</u>	<u>22,964,959</u>	<u>37,202,155</u>	<u>32,665,698</u>
Net assets - end of year	<u>\$17,354,970</u>	<u>\$17,940,738</u>	<u>\$35,295,708</u>	<u>\$37,202,155</u>

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

iMENTOR, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

(With comparative totals for the year ended June 30, 2021)

	Supporting Services				
	Program Services	Management and General		Total	
		Fundraising	Supporting Services	Total Expenses 6/30/22	
Total Expenses 6/30/21	Total Expenses 6/30/21	Total Expenses 6/30/21	Total Expenses 6/30/21	Total Expenses 6/30/21	
Salaries and benefits	\$11,501,779	\$2,313,829	\$1,338,271	\$3,652,100	\$15,153,879
Rent and office management	1,099,674	192,525	110,820	303,345	1,403,019
Professional fees (including in-kind of \$27,067 and \$9,664)	398,744	105,719	186,657	292,376	691,120
Software and technology	471,990	215,792	49,094	264,886	736,876
Program recruiting, screening, training & events	710,853	2,765	1,667	4,432	715,285
Travel	94,680	1,802	5,624	7,426	102,106
Marketing	65,116	5,917	2,527	8,444	73,560
Staff recruiting and professional development	115,967	174,326	10,549	184,875	300,842
Insurance	121,179	30,480	7,172	37,652	158,831
Other expenses	29,221	99,479	120,143	219,622	248,843
Depreciation and amortization	1,154,387	18,986	15,679	34,665	1,189,052
Total expenses	\$15,763,590	\$3,161,620	\$1,848,203	\$5,009,823	\$20,773,413

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

iMENTOR, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With comparative totals for the year ended June 30, 2021)

	<u>6/30/22</u>	<u>6/30/21</u>
Cash flows from operating activities:		
Change in net assets	(\$1,906,447)	\$4,536,457
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation and amortization	1,189,052	1,105,049
Paycheck Protection Program loan forgiveness	(2,000,000)	(757,462)
Unrealized loss/(gain) on investments	1,274,289	(1,301,219)
Realized loss/(gain) on investments	39,614	(128,911)
Donated stock	(4,099,660)	(4,777,060)
Changes in assets and liabilities:		
Contributions and grants receivable	3,076,285	2,408,366
Prepaid expenses and other receivables	(133,202)	552,703
Security deposits	1,190	4,350
Accounts payable and accrued expenses	162,897	(44,867)
Deferred revenue	(2,857)	10,000
Deferred rent	51,561	54,859
Total adjustments	<u>(440,831)</u>	<u>(2,874,192)</u>
Net cash flows (used for)/provided by operating activities	<u>(2,347,278)</u>	<u>1,662,265</u>
Cash flows from investing activities:		
Purchase of fixed assets	(1,057,771)	(829,152)
Purchase of investments	(9,975,087)	(2,478,232)
Proceeds from sale of securities	5,943,401	7,109,272
Net cash flows (used for)/provided by investing activities	<u>(5,089,457)</u>	<u>3,801,888</u>
Net (decrease)/increase in cash and cash equivalents	(7,436,735)	5,464,153
Cash and cash equivalents - beginning of year	<u>17,244,099</u>	<u>11,779,946</u>
Cash and cash equivalents - end of year	<u>\$9,807,364</u>	<u>\$17,244,099</u>
No interest or income taxes were paid.		
Supplemental disclosure of non-cash investing activities:		
Disposal of fixed assets:	<u>\$995,890</u>	<u>\$4,076,342</u>

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

iMENTOR, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Note 1 - Organization

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 39,000 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 two years and have an option to extend by an additional two years, during which they build their relationship through weekly online communication and monthly in-person meetings and other program activities.

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.

Our Impact:

iMentor is tracking the long-term college outcomes for nearly 20,000 students nationally.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

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.

b. Basis of Presentation

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.

c. Revenue Recognition

iMentor follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions, which 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.

iMentor evaluates whether contributions are conditional or unconditional. Contributions are considered to be conditional when both a barrier must be overcome for iMentor to be entitled to the revenue and a right of return of the asset or right of release from the obligation exists.

Conditional contributions are recognized as income once the conditions have been substantially met. Conditional pledges that have not been recognized amounted to \$0 and \$419,673 at June 30, 2022 and 2021, 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.

iMentor follows FASB ASC 958-606 for recognizing revenue from contracts with customers. School, district, and partner fees revenue fall under ASC 958-606 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. Amounts collected in advance are recognized as deferred revenue.

Management assesses the collectability of all outstanding receivables based upon past experience, historical trends, and specific knowledge of each donor. The allowance for doubtful accounts was approximately \$236,000 and \$235,000 at June 30, 2022 and 2021, respectively.

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 a 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 \$9,543,021 and \$16,816,292 at June 30, 2022 and 2021, 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

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

The following in-kind services and donations were recorded:

	<u>6/30/22</u>	<u>6/30/21</u>
Legal	\$24,567	\$9,664
Other	<u>2,500</u>	<u>0</u>
Total	<u>\$27,067</u>	<u>\$9,664</u>

Donated legal and other services, which are included in management and general on the statement of functional expenses, are valued at the standard hourly rates charged for those services.

j. Advertising 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 and amortization

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, 2021, 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, 2019 and later are subject to examination by applicable taxing authorities.

o. New Accounting Pronouncement

FASB issued Accounting Standards Update ("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.

Management is in the process of evaluating the impact this standard 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, 2022 and June 30, 2021, all investments were considered to be level 1 securities and consist of the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Equities – U.S.	\$3,344,450	\$3,592,566
Equities – non-U.S.	1,398,271	2,030,141
Bonds	3,296,106	3,554,274
Money funds/cash	129,771	133,477
Treasury note	<u>7,959,303</u>	<u>0</u>
Total	<u>\$16,127,901</u>	<u>\$9,310,458</u>

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

Investment return for the years ended June 30, 2022 and June 30, 2021 is as follows:

	<u>6/30/22</u>	<u>6/30/21</u>
Interest and dividends	\$237,359	\$174,957
Unrealized (loss)/gain – endowment	(1,273,496)	1,301,219
Unrealized (loss) - other	(60,899)	0
Realized (loss)/gain on sale of investments - endowment	(39,614)	156,856
Realized (loss) on sale of investments – other	(793)	(27,945)
Investment fees	<u>(59,740)</u>	<u>(56,012)</u>
Total	<u>(\$1,197,183)</u>	<u>\$1,549,075</u>

Note 4 - Contributions and Grants Receivable

Contributions and grants receivable are due in the following periods:

Year ending:	June 30, 2023	\$8,481,828
	June 30, 2024	470,000
	June 30, 2025	360,000
	Greater than five years	<u>685,754</u>
		\$9,997,582
Less: fair value discount (3.14%)		(125,933)
Less: allowance for doubtful accounts		<u>(236,253)</u>
Total		<u>\$9,635,396</u>

Note 5 - Fixed Assets

Fixed assets can be summarized as follows:

	<u>6/30/22</u>	<u>6/30/21</u>	<u>Useful Life</u>
Software and website	\$4,930,432	\$4,766,104	3 years
Leasehold improvements	65,103	65,103	<i>lower of the life of the lease or 7 years</i>
Computers and technology	485,896	588,342	3 years
Furniture and fixtures	<u>483,268</u>	<u>483,268</u>	7 years
	5,964,699	5,902,817	
Less: accumulated depreciation and amortization	<u>(4,254,589)</u>	<u>(4,061,426)</u>	
Total fixed assets, net	<u>\$1,710,110</u>	<u>\$1,841,391</u>	

Note 6 - Paycheck Protection Program Loan

During the years ended June 30, 2021 and 2020, iMentor obtained loans from the Small Business Administration ("SBA") through the Paycheck Protection Program ("PPP"). The loan terms indicated that if certain conditions were met, which included maintaining average workforces during periods subsequent to receipt of the loan funds that were not less than pre-determined historical periods, that the loans, or a portion thereof, would be forgiven.

iMentor accounts for these loans in accordance with FASB ASC 958-605 as conditional contributions. During the year ended June 30, 2021, iMentor met all conditions for forgiveness of the first loan and recognized the entire loan balance of as revenue. During the year ended June 30, 2022, iMentor met all conditions for the forgiveness of the second loan and recognized the entire loan balance as revenue.

Note 7 - Employee Retention Tax Credit

During the year ended June 30, 2021, iMentor claimed the Employee Retention Tax Credit ("ERTC") in the amount of \$2,041,333. The ERTC was established by the coronavirus relief act issued by congress during 2020 and allows an employer to obtain fully refundable tax credits through their payroll tax filings for qualified wages paid after March 13, 2020, through December 31, 2021. To be eligible, an employer must incur payroll costs to retain employees and be adversely affected by the COVID-19 pandemic due to having operations suspended by a government order or demonstrating that they had a significant decline in gross receipts.

iMentor accounts for the ERTC as a conditional contribution in accordance with ASC 958-605. The conditions for eligibility outlined above were met for the quarters claimed during the year ended June 30, 2021, and the full amount was recognized as revenue during the year then ended.

There was no ERTC funding received during the year ended June 30, 2022.

Note 8 - Net Assets With Donor Restrictions

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

	<u>6/30/22</u>	<u>6/30/21</u>
Purpose restrictions:		
Strategic capital	\$6,076,392	\$5,787,771
Direct and national programs	<u>6,695,616</u>	<u>5,059,636</u>
Total	<u>\$12,772,008</u>	<u>\$10,847,407</u>

Net assets with donor restrictions were available for the following:

	<u>6/30/22</u>	<u>6/30/21</u>
Purpose restrictions:		
Strategic capital	\$5,679,543	\$11,453,524
Direct and national programs	<u>4,695,191</u>	<u>2,879,910</u>
Total purpose restrictions	10,374,734	14,333,434
Time restrictions	<u>933,342</u>	<u>685,753</u>
Total purpose and time restrictions	<u>11,308,076</u>	<u>15,019,187</u>
Endowment earnings	2,731,662	4,044,772
Endowment corpus	<u>3,901,000</u>	<u>3,901,000</u>
Total endowment	<u>6,632,662</u>	<u>7,945,772</u>
Total	<u>\$17,940,738</u>	<u>\$22,964,959</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, 2022 and 2021 are as follows:

	<u>June 30, 2022</u>		
	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$4,044,772	\$3,901,000	\$7,945,772
Unrealized loss	(1,273,496)	0	(1,273,496)
Realized loss on investments	<u>(39,614)</u>	<u>0</u>	<u>(39,614)</u>
Endowment net assets, end of year	<u>\$2,731,662</u>	<u>\$3,901,000</u>	<u>\$6,632,662</u>
	<u>June 30, 2021</u>		
	<u>Earnings</u>	<u>Corpus</u>	<u>Total</u>
Endowment net assets, beginning of year	\$2,586,697	\$3,901,000	\$6,487,697
Unrealized gain	1,301,219	0	1,301,219
Realized gain on investments	<u>156,856</u>	<u>0</u>	<u>156,856</u>
Endowment net assets, end of year	<u>\$4,044,772</u>	<u>\$3,901,000</u>	<u>\$7,945,772</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, 2022 or 2021.

Note 10 - 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 2025. iMentor also has a one-year lease for office space in Chicago which runs through December 2022.

The minimum annual commitments for all lease payments are as follows:

Year ending:		
	June 30, 2023	\$1,211,841
	June 30, 2024	1,197,105
	June 30, 2025	1,208,178
	June 30, 2026	1,283,982
	June 30, 2027	1,283,982
	Thereafter	<u>9,117,398</u>
Total		<u>\$15,302,486</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 January 23, 2023. The line is collateralized against iMentor's inventory, equipment, and receivables. The full amount of the line remains available as of June 30, 2022.

Note 11 - Related Party Transactions

During the years ended June 30, 2022, and 2021, the majority of donated legal services were performed by a law firm of which members of iMentor's Regional Advisory Board are partners.

Note 12 - 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 13 - 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 \$287,793 net of forfeitures to the plan during the year ended June 30, 2022. During the year ended June 30, 2021, iMentor temporarily suspended 401(k) matching resulting in a net forfeiture of \$1,839.

Note 14 - 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	\$9,807,364	
Investments	9,495,239	
Contributions and grants receivable	<u>9,635,396</u>	
Total financial assets		\$28,937,999
Less amounts not available for general expenditure:		
Net assets with donor restrictions:		
Time restrictions due after one year		(633,342)
Purpose restrictions		<u>(10,374,734)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$17,929,923</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 15 - Other Matters - COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which iMentor, operates. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.

Note 16 - Subsequent Events

Subsequent events have been evaluated through November 18, 2022, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.