

**CRAYONS TO CLASSROOMS**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**CRAYONS TO CLASSROOMS**

**TABLE OF CONTENTS**

**YEARS ENDED DECEMBER 31, 2020 AND 2019**

---

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 14



## INDEPENDENT AUDITORS' REPORT

---

Board of Directors  
**Crayons to Classrooms**  
Dayton, Ohio

We have audited the accompanying financial statements of **Crayons to Classrooms** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, 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 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.

## INDEPENDENT AUDITORS' REPORT - CONTINUED

---

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Crayons to Classrooms** as of December 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.

*Brady, Ware & Schoenfeld, Inc.*

Dayton, Ohio  
June 24, 2021

**CRAYONS TO CLASSROOMS**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 77,541	\$ 93,737
Current portion of pledges receivable	36,600	80,968
Inventory	3,998,327	4,108,730
Prepaid expenses	<u>8,704</u>	<u>8,707</u>
	4,121,172	4,292,142
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>176,859</b>	212,642
<b>OTHER ASSETS</b>		
Long-term pledges receivable, less current portion	11,835	16,292
Beneficial interest in funds held by others	<u>250,121</u>	<u>240,565</u>
	<u>261,956</u>	<u>256,857</u>
	<b>\$ 4,559,987</b>	<b>\$ 4,761,641</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 51,807	\$ 39,050
Accrued expenses	<u>-</u>	<u>2,056</u>
	51,807	41,106
<b>NET ASSETS</b>		
Without donor restrictions	4,449,626	4,463,221
With donor restrictions	<u>58,554</u>	<u>257,314</u>
	<u>4,508,180</u>	<u>4,720,535</u>
	<b>\$ 4,559,987</b>	<b>\$ 4,761,641</b>

**CRAYONS TO CLASSROOMS****STATEMENTS OF ACTIVITIES****YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>PUBLIC SUPPORT AND REVENUE</b>		
Public Support		
Contributions	\$ 463,849	\$ 312,288
In-kind contributions	2,825,987	3,118,013
Net assets released from restrictions	232,492	48,586
Change in beneficial interest in funds held by others - net	(11,026)	56,151
Fundraiser, net of \$55,098 of expenses in 2019	-	130,316
Other government grants	<u>181,598</u>	<u>-</u>
Total Public Support	<b>3,692,900</b>	3,665,354
Revenue		
Interest income	46	-
Change in beneficial interest in funds held by others - net	<u>1,450</u>	<u>6,238</u>
Total Revenue	<u>1,496</u>	<u>6,238</u>
Total Public Support and Revenue Without Donor Restrictions	<u><b>3,694,396</b></u>	<u>3,671,592</u>
<b>EXPENSES</b>		
Program services	3,462,494	4,161,336
Management and general	125,078	124,180
Fundraising	<u>120,419</u>	<u>105,659</u>
Total Expenses	<u><b>3,707,991</b></u>	<u>4,391,175</u>
Change in Net Assets Without Donor Restrictions	<b>(13,595)</b>	(719,583)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	32,816	21,785
Pledges NPV adjustment	910	1,743
Change in beneficial interest in funds held by others - net	6	117
Net assets released from restrictions	<u>(232,492)</u>	<u>(48,586)</u>
Total Change in Net Assets With Donor Restrictions	<u><b>(198,760)</b></u>	<u>(24,941)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(212,355)</b>	(744,524)
<b>NET ASSETS</b>		
Beginning of year	<u>4,720,535</u>	<u>5,465,059</u>
End of year	<u><b>\$ 4,508,180</b></u>	<u>\$ 4,720,535</u>

See notes to financial statements.

**CRAYONS TO CLASSROOMS****STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED DECEMBER 31, 2020**

---

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Payroll and benefits	\$ 282,938	\$ 49,809	\$ 94,364	\$ 427,111
In-kind school supplies distributed	2,962,168	-	-	2,962,168
Occupancy	137,116	8,440	-	145,556
Repairs and maintenance	6,475	-	-	6,475
Supplies	10,283	-	-	10,283
Postage and shipping	7,781	(1,948)	883	6,716
Transportation	33	-	-	33
Telephone and communication	1,428	-	-	1,428
Printing and publication	4,490	562	6,849	11,901
Meetings and conferences	1,200	-	2,000	3,200
Taxes, licenses, and permits	-	605	-	605
Dues and subscriptions	-	2,414	-	2,414
Professional fees	12,799	65,196	16,323	94,318
Depreciation	<u>35,783</u>	<u>-</u>	<u>-</u>	<u>35,783</u>
Total Functional Expenses	<u>\$ 3,462,494</u>	<u>\$ 125,078</u>	<u>\$ 120,419</u>	<u>\$ 3,707,991</u>

**CRAYONS TO CLASSROOMS****STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED DECEMBER 31, 2019**

---

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses</b>
Payroll and benefits	\$ 279,189	\$ 39,185	\$ 103,441	\$ 421,815
In-kind school supplies distributed	3,660,805	-	-	3,660,805
Occupancy	137,736	8,830	-	146,566
Repairs and maintenance	11,078	-	-	11,078
Supplies	10,738	-	-	10,738
Postage and shipping	9,325	(624)	-	8,701
Transportation	943	-	-	943
Telephone and communication	1,191	-	-	1,191
Printing and publication	5,633	231	-	5,864
Meetings and conferences	647	5,196	1,438	7,281
Taxes, licenses, and permits	-	525	-	525
Dues and subscriptions	-	3,887	-	3,887
Specific assistance	-	2,300	-	2,300
Professional fees	4,343	64,650	780	69,773
Depreciation	<u>39,708</u>	<u>-</u>	<u>-</u>	<u>39,708</u>
Total Functional Expenses	<u>\$ 4,161,336</u>	<u>\$ 124,180</u>	<u>\$ 105,659</u>	<u>\$ 4,391,175</u>



**CRAYONS TO CLASSROOMS****STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (212,355)	\$ (744,524)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	35,783	39,708
Net present value adjustments	(910)	(1,743)
Change in beneficial interest in funds held by others	(9,556)	62,628
Donated inventory	(2,695,907)	(2,987,933)
Donated inventory distributed	<u>2,962,168</u>	<u>3,660,805</u>
	79,223	28,941
Changes in operating assets and liabilities:		
Pledges receivable	49,735	(18,478)
Inventory	(155,858)	(74,160)
Prepaid expenses	3	(959)
Accounts payable	12,757	2,744
Accrued expenses	<u>(2,056)</u>	<u>2,056</u>
Net Cash Used by Operating Activities	(16,196)	(59,856)
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>-</u>	<u>(10,900)</u>
<b>NET DECREASE IN CASH</b>	(16,196)	(70,756)
<b>CASH</b>		
Beginning of year	<u>93,737</u>	<u>164,493</u>
End of year	<u>\$ 77,541</u>	<u>\$ 93,737</u>

## CRAYONS TO CLASSROOMS

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Business** - Crayons to Classrooms is a nonprofit Organization. The Organization is a free store for teachers of low-income children in Dayton, Ohio. It provides donated school supplies at no charge to under-funded kindergarten through 12th grade classrooms. The Organization was incorporated in October 2007, and received their 501(c)(3) determination in March 2008. The Organization began distributing school supplies in 2009.

**Basis of Presentation** - The Organization's financial statement presentation follows the recommendation of generally accepted accounting principles, which requires the Organization to record unconditional promises to give (pledges) as receivables and revenue and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. The Organization is also required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions.

**Net Assets With Donor Restrictions** - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization currently does not have net assets that are required to be maintained in perpetuity.

**Financial Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Functional Allocation of Expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon direct allocation or indirect allocation based upon usage by each function.

**Contributions** - Gifts of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as net assets without restrictions and increase net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

## CRAYONS TO CLASSROOMS

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Donated materials are recorded as contributions at their estimated fair values at the date of donation. Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind donations of product \$2,695,907 and \$2,987,933 were recorded for the years 2020 and 2019. For the years 2020 and 2019, one donor contributed 58% and 54% of the in-kind donations of product. This donor receives in-kind donations from numerous donors, which are distributed to various resource centers throughout the United States. The Organization pays an annual membership fee to participate in this distribution program. The Organization has also recorded an in-kind donation and expense in the amount of \$130,080 to recognize the fair market value of rent for both years 2020 and 2019. See Note 7 for additional information related to Service and Rental Agreements.

**Pledges Receivable** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are discounted to present value.

**Property and Equipment** - Property and equipment is recorded at cost or, if donated, it is recorded at its fair market value at the date the donation is received. The Organization's policy is to capitalize all major expenditures in excess of \$1,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, ranging from three to seven years. At retirement or sale, the costs of the assets, less related accumulated depreciation, are removed from the accounts and the resulting gains and losses are included in income. Routine maintenance and repairs are expensed when incurred.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require companies to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2020 and 2019.

Depreciation expense was \$35,783 and \$39,708 for the years 2020 and 2019.

**Inventories** - Inventories are stated at fair market value and cost is allocated using the first-in, first-out (FIFO) method. Inventory consists of purchased and donated school supplies contributed to the Organization for its free store.

**Tax-Exempt Status** - The Organization is operated as a nonprofit organization and is tax exempt under IRS Code Section 501(c)(3). Accordingly, no provision for income tax is presented in these financial statements.

**Accounting for Uncertainty in Income Taxes** - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. No significant uncertain tax positions exist as of December 31, 2020.

## CRAYONS TO CLASSROOMS

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Recently Issued Accounting Standards not Yet Adopted** - In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*, which will require the recognition of right-to-use assets and lease liabilities for leases previously classified as operating leases by lessees. Since the issuance of this standard, there have been several additional standards issued relative to this topic. These standards will be effective for the calendar year ending December 31, 2022. Early application will be permitted. The Organization is currently in the process of evaluating the impact of adoption of these standards on the financial statements.

**Subsequent Events** - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 24, 2021, the date the financial statements were available to be issued.

#### NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 77,541	\$ 93,737
Current portion of of pledges receivable	36,600	80,968
Beneficial interest	<u>250,121</u>	<u>240,565</u>
Total financial assets	364,262	415,270
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	<u>(25,952)</u>	<u>(180,471)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 338,310</u>	<u>\$ 234,799</u>

As part of their liquidity management plan, the Organization utilizes a budget and compares the actual financial results to the budget on a monthly basis. The board has not designated any funds for any specific purposes, so any funds other than those with donor restrictions can be used where most beneficial.

## CRAYONS TO CLASSROOMS

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 36,600	\$ 80,968
One to five years	<u>12,450</u>	<u>17,817</u>
	49,050	98,785
Less discount to net present value	<u>615</u>	<u>1,525</u>
Net pledges receivable	<u>\$ 48,435</u>	<u>\$ 97,260</u>

At December 31, 2020 and 2019, the present value of pledges receivable was determined using a discount rate of 2.3% and 3.1%.

#### NOTE 4 - PROPERTY AND EQUIPMENT

	<u>2020</u>	<u>2019</u>
Leasehold Improvements	\$ 283,844	\$ 283,844
Equipment	<u>65,109</u>	<u>65,109</u>
Total property and equipment	348,953	348,953
Less accumulated depreciation	<u>172,094</u>	<u>136,311</u>
	<u>\$ 176,859</u>	<u>\$ 212,642</u>

#### NOTE 5 - BENEFICIAL INTEREST IN FUNDS HELD BY OTHERS

The Organization has a beneficial interest in funds whose underlying investments are held and managed by the Dayton Foundation, a community foundation that invests and manages donors' charitable funds. The funds are subject to the investment and spending policies of the Dayton Foundation and are held exclusively for the benefit of the Organization. Requests for funding, including disbursements of fund principal, are initiated by the Organization, and approved by the Dayton Foundation's granting committee. Distributions from the funds are unrestricted.

The following funds have been created at The Dayton Foundation from which the Organization is entitled to receive certain income and benefits:

	<u>2020</u>	<u>2019</u>
Crayons to Classrooms Fund	\$ 249,716	\$ 238,690
Dayton Crayons to Classrooms Relocation Fund	<u>405</u>	<u>1,875</u>
	<u>\$ 250,121</u>	<u>\$ 240,565</u>

CRAYONS TO CLASSROOMS

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FAIR VALUE

Accounting standards define fair value, outline a framework for measuring fair value and detail the required disclosures about fair value measurements. The Organization has adopted these accounting standards. The standards require that certain non-financial assets and liabilities be recognized or disclosed at fair value. At the present time, the Organization does not have any non-financial assets or liabilities that would require fair value recognition or disclosures under these standards.

Fair value is defined as the price 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 in the principal or most advantageous market. The Organization uses a fair value hierarchy that has three levels of inputs, both observable and unobservable, with use of the lowest possible level of input to determine fair value. Level 1 inputs include quoted market prices in an active market or the price of an identical asset or liability. Level 2 inputs are market data, other than Level 1, that are observable either directly or indirectly. Level 2 inputs include quoted market prices for similar assets or liabilities, quoted market prices in an inactive market, and other observable information that can be corroborated by market data. Level 3 inputs are unobservable and corroborated by little or no market data. The Organization uses valuation techniques in a consistent manner from year-to-year.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There has been no change in the methodologies used at December 31, 2020 and 2019.

**Beneficial interest in funds held by others:** Valued and held by The Dayton Foundation. Purchases of level 3 assets during the years 2020 and 2019 totaled \$78,337 and \$44,040. There were no transfers in or out of level 3 assets during the years 2020 and 2019.

Fair values of the Organization's financial assets measured on a recurring basis at December 31, 2020 and 2019 are as follows:

	2020			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Assets</b>				
Beneficial interest in funds held by others	<u>\$ 250,121</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,121</u>
	2019			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>Assets</b>				
Beneficial interest in funds held by others	<u>\$ 240,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,565</u>

## CRAYONS TO CLASSROOMS

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 7 - SERVICE AND RENTAL AGREEMENTS

The Organization entered into three separate agreements with Goodwill Easter Seals Miami Valley (Goodwill) in July 2008. These agreements state that Goodwill will provide information technology equipment and services, financial services, and building space to the Organization, for a monthly fee. The total amount of expense for the information technology and financial services for the years 2020 and 2019 was \$48,900. Rent is being charged at \$10 monthly. The Organization is also recording an in-kind donation and expense in the amount of \$130,080 to represent the fair market value of the rental space for both years 2020 and 2019. These agreements renew automatically for successive one-year periods, unless terminated by either party.

#### NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN

The Organization was granted a \$81,698 loan under the Paycheck Protection Program ("PPP") which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). PPP loans and accrued interest are forgivable after a "covered period" as long as the borrower meets certain criteria. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Organization applied for forgiveness within the required time allowed which is 10 months after the end of the covered period.

The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$81,698 as grant income for the year ended December 31, 2020.

As part of the Consolidated Appropriations Act, 2021 signed into law on December 27, 2020, Congress approved a second round of funding under the Paycheck Protection Program. Subsequent to year end, the Organization applied for and received a loan totaling \$81,698 under this program. This second round of funding under the PPP has terms similar to those described above. The Organization intends to apply for forgiveness of this loan after its covered period.

#### NOTE 9 - OPERATING LEASES

The Organization leases office equipment under an operating lease agreement for a total monthly payment of \$290, which expires in September 2024.

The Organization entered into an open-ended lease to rent warehouse space at no cost. The Organization recorded an in-kind donation and expense in the amount of \$31,200 to represent the fair market value of the rental space for both years 2020 and 2019. The Organization also leases space from a related party for a total monthly payment of \$10, which expires in October 2022. The Organization recorded an in-kind donation and expense in the amount of \$98,880 to represent the fair market value of the rental space for both years 2020 and 2019.

Rent expense on these leases were \$4,052 and \$7,125 for the years 2020 and 2019, excluding the in-kind rent.

The future minimum lease payments over the next four years are as follows:

2021	\$	3,597
2022		3,577
2023		3,477
2024		2,608

## CRAYONS TO CLASSROOMS

### NOTES TO FINANCIAL STATEMENTS

---

#### NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

The net assets with donor restrictions class includes assets of the Organization related to gifts with specific donor-imposed restrictions that have not been met as to specific purpose, or to later periods of time or after specific dates.

	<u>2020</u>	<u>2019</u>
Donor restricted funds:		
Programs	\$ 25,547	\$ 178,596
Relocation	405	1,875
Time	<u>32,602</u>	<u>76,843</u>
	<u>\$ 58,554</u>	<u>\$ 257,314</u>

#### NOTE 11 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets with donor restrictions are released by incurring expenses that satisfy the intended purpose or the occurrence of events specified by donors.

	<u>2020</u>	<u>2019</u>
Purpose and time restrictions:		
Programs	\$ 159,048	\$ 27,177
Relocation	1,476	6,401
Passage of time	<u>71,968</u>	<u>15,008</u>
	<u>\$ 232,492</u>	<u>\$ 48,586</u>

#### NOTE 12 - UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in early 2020, is having a substantial impact on the economy and the normal operations of many businesses. The extent of the future impact of COVID-19 on the Organization's operations, financial performance and financial condition, if any, will depend on certain developments, including the availability and distribution of the vaccine and the duration and spread of the outbreak, which at present cannot be determined.