

FINANCIAL STATEMENTS OF
CENTER FOR TRANSFORMATIVE ACTION
Years Ended June 30, 2021 and 2020

CENTER FOR TRANSFORMATIVE ACTION

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June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Center For Transformative Action
Ithaca, New York 14850

Opinion

We have audited the accompanying financial statements of the Center For Transformative Action (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center For Transformative Action as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center For Transformative Action and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Center For Transformative Action's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 the Center For Transformative Action'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 the Center For Transformative Action'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.

Sciarabba Walker & Co., LLP

Sciarabba Walker & Co., LLP

Ithaca, New York
December 14, 2021

**CENTER FOR TRANSFORMATIVE ACTION
STATEMENTS OF FINANCIAL POSITION
June 30,**

ASSETS

	2021	2020
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,326,740	\$ 885,216
Short-term investments - certificates of deposit	500,000	990,000
Grants receivable	389,212	306,550
Accounts receivable	3,055	781
Prepaid expenses	14,266	16,998
TOTAL CURRENT ASSETS	2,233,273	2,199,545
LONG-TERM INVESTMENTS - MUTUAL FUNDS	250,169	-
FURNITURE AND EQUIPMENT:	42,707	42,707
Less accumulated depreciation	(22,871)	(18,754)
NET FURNITURE AND EQUIPMENT	19,836	23,953
TOTAL ASSETS	\$ 2,503,278	\$ 2,223,498

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 56,338	\$ 38,049
Accrued payroll expense	49,871	30,675
Accrued expenses	69,810	83,887
Deferred revenue	3,055	-
Funds held on behalf of others	20,327	68,891
TOTAL CURRENT LIABILITIES	199,401	221,502
SBA PPP LOAN PAYABLE	-	234,200
NET ASSETS:		
Without donor restrictions	1,229,428	868,132
With donor restrictions	1,074,449	899,664
TOTAL NET ASSETS	2,303,877	1,767,796
TOTAL LIABILITIES AND NET ASSETS	\$ 2,503,278	\$ 2,223,498

See accompanying notes.

CENTER FOR TRANSFORMATIVE ACTION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30,

	2021	2020
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue, gains and other support:		
Institutional support	\$ -	\$ 500
Cornell support	110,901	107,101
Program services	122,854	244,040
Contributions	3,601	3,401
Fees, subscriptions and memberships	11,715	7,500
Investment income	1,459	19,449
PPP loan forgiveness income	234,200	-
Miscellaneous income	22,414	17,106
	507,144	399,097
NET ASSETS RELEASED FROM RESTRICTIONS:		
Institutional support, Cornell support, contributions, and fundraising	2,142,149	2,036,236
TOTAL REVENUE, GAINS AND OTHER SUPPORT	2,649,293	2,435,333
EXPENSES:		
Program services	1,952,184	2,202,391
Supporting services:		
Management and general	208,148	269,923
Fundraising	127,665	6,690
Total supporting services	335,813	276,613
TOTAL EXPENSES	2,287,997	2,479,004
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	361,296	(43,671)
NET ASSETS WITH DONOR RESTRICTIONS:		
Institutional support	1,516,726	1,198,904
Cornell support	132,249	132,249
Contributions	641,615	804,498
Fundraising	26,344	31,615
	2,316,934	2,167,266
NET ASSETS RELEASED FROM RESTRICTIONS:		
Institutional support, Cornell support, contributions, and fundraising	(2,142,149)	(2,036,236)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	174,785	131,030
CHANGE IN NET ASSETS	536,081	87,359
NET ASSETS, beginning of year	1,767,796	1,680,437
NET ASSETS, end of year	\$ 2,303,877	\$ 1,767,796

See accompanying notes.

CENTER FOR TRANSFORMATIVE ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 837,045	\$ 125,256	\$ 106,051	\$ 1,068,352
Employee benefits	89,978	22,589	9,767	122,334
Payroll taxes	73,132	14,841	9,313	97,286
Total salaries and related expenses	<u>1,000,155</u>	<u>162,686</u>	<u>125,131</u>	<u>1,287,972</u>
Rent	13,669	(1,782)	-	11,887
Contractors and work study	428,112	3,574	-	431,686
Advertising, publicity and promotion	3,752	52	-	3,804
Travel and conferences	5,754	415	-	6,169
Telecommunications	23,504	1,614	173	25,291
Printing	16,544	-	294	16,838
Books, videos and magazines	1,707	-	315	2,022
Supplies	77,489	2,427	407	80,323
Minor equipment and repairs	228	-	-	228
Postage and shipping	12,467	1,018	264	13,749
Insurance	1,933	19,387	-	21,320
Staff development	1,482	-	-	1,482
Membership dues and subscription fees	4,665	569	-	5,234
Bank charges	16,190	6,005	1,081	23,276
Donations	326,385	-	-	326,385
Professional fees	1,595	12,101	-	13,696
Depreciation	4,117	-	-	4,117
Events and meetings	10,653	-	-	10,653
Miscellaneous	1,783	82	-	1,865
TOTAL EXPENSES	<u><u>\$ 1,952,184</u></u>	<u><u>\$ 208,148</u></u>	<u><u>\$ 127,665</u></u>	<u><u>\$ 2,287,997</u></u>

See accompanying notes.

**CENTER FOR TRANSFORMATIVE ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 888,199	\$ 157,482	\$ 3,998	\$ 1,049,679
Employee benefits	112,008	15,861	123	127,992
Payroll taxes	55,390	36,736	316	92,442
Total salaries and related expenses	<u>1,055,597</u>	<u>210,079</u>	<u>4,437</u>	<u>1,270,113</u>
Rent	65,946	9,451	-	75,397
Contractors and work study	498,076	5,248	-	503,324
Advertising, publicity and promotion	12,002	255	-	12,257
Travel and conferences	35,850	1,172	53	37,075
Telecommunications	20,642	2,717	175	23,534
Printing	18,973	-	1,026	19,999
Books, videos and magazines	4,067	-	-	4,067
Supplies	147,359	2,559	17	149,935
Minor equipment and repairs	2,427	-	-	2,427
Postage and shipping	12,220	431	922	13,573
Insurance	2,708	23,707	-	26,415
Staff development	3,901	923	-	4,824
Membership dues and subscription fees	9,647	369	-	10,016
Bank charges	19,012	2,902	60	21,974
Donations	208,769	-	-	208,769
Professional fees	1,913	8,922	-	10,835
Depreciation and amortization	4,169	-	-	4,169
Events and meetings	50,318	-	-	50,318
Miscellaneous	28,795	1,188	-	29,983
TOTAL EXPENSES	<u><u>\$ 2,202,391</u></u>	<u><u>\$ 269,923</u></u>	<u><u>\$ 6,690</u></u>	<u><u>\$ 2,479,004</u></u>

See accompanying notes.

**CENTER FOR TRANSFORMATIVE ACTION
STATEMENTS OF CASH FLOWS
Years Ended June 30,**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 536,081	\$ 87,359
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	4,117	4,169
SBA PPP loan forgiveness income	(234,200)	-
Non-cash donation	-	613
Changes in:		
Grants receivable	(82,662)	(83,100)
Accounts receivable	(2,274)	2,455
Prepaid expenses	2,732	9,655
Accounts payable	18,120	(9,500)
Accrued payroll expense	19,196	(21,130)
Accrued expenses	(14,077)	17,852
Deferred revenue	3,055	(440)
Funds held on behalf of others	(48,564)	11,008
NET CASH PROVIDED BY OPERATING ACTIVITIES	201,524	18,941
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	-	(19,033)
Purchases of short-term investments	(905,000)	(1,490,000)
Redemption of short-term investments	1,395,000	1,700,000
Purchases of long-term investments	(250,000)	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	240,000	190,967
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from SBA PPP loan	-	234,200
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	234,200
NET CHANGE IN CASH AND CASH EQUIVALENTS	441,524	444,108
CASH AND CASH EQUIVALENTS, beginning of year	885,216	441,108
CASH AND CASH EQUIVALENTS, end of year	\$ 1,326,740	\$ 885,216
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Taxes	-	-

See accompanying notes.

**CENTER FOR TRANSFORMATIVE ACTION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020**

A. Summary of Significant Accounting Policies

The Organization

The Center for Transformative Action (CTA) is a nonprofit organization formed to promote educational and social action programs. CTA provides technical and administrative support services to these programs which operate under the established goals and guidelines of the CTA bylaws.

Basis of Accounting

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

Basis of Presentation

CTA accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities." Under FASB ASC 958, CTA is 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.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

CTA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code); therefore, no provision for income taxes is reflected in the financial statements. CTA has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. CTA presently discloses or recognizes income tax position based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that CTA has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by CTA are subject to examination by taxing authorities.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, CTA considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Furniture and Equipment

CTA capitalizes all furniture and equipment in excess of \$5,000. Purchased furniture and equipment are carried at cost. Expenditures for repairs and maintenance are charged to expense as incurred whereas major betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Donated Furniture and Equipment

Donations of furniture and equipment are recorded as contributions as their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, CTA reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CTA reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributions and Promises to Give

CTA accounts for contributions in accordance with the recommendations of the FASB ASC 958. In accordance with FASB ASC 958, contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (this is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donated Services

Donated services are recognized as contributions in accordance with FASB ASC 958, *“Accounting for Contributions Received and Contributions Made,”* if the services (a) create or enhance nonfinancial assets or (b) require skills, are performed by people with those skills, and would otherwise be purchased by CTA. Volunteers provide services throughout the year that are not recognized as contributions in the financial statements, as the recognition criteria under FASB ASC 958 are not met.

Revenues from Contracts with Customers

Under ASC 606, CTA recognizes revenue as it satisfies a performance obligation by transferring control of a service to a customer. This revenue is reported as program services in the Statement of Activities and changes in Net Assets and reflects the consideration to which CTA expects to be entitled in exchange for those services. CTA does not recognize revenue in cases where collectability is not probable and defers the recognition until collection becomes probable or when payment is received.

CTA has elected to apply the following practical expedients:

- Portfolio approach associated with language classes, educational programs/workshops, and goods for sale as there are similarity amongst contracts with no material differences compared to individual contracts.
- Incremental costs of obtaining a contract are capitalized if the contract is for a period of more than one year. If a contract's period is less than one year, the costs are expensed when incurred.
- Additionally, no adjustment is made for the effects of a significant financing component as the period between the time of service and the time of payment is typically less than one year.

Statement of Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. The majority of CTA's expenses are directly charged to programs based on actual usage. In addition, CTA has a central administrative core whose activities indirectly benefit the entire Organization. These expenses are allocated as management and general. CTA uses allocation methods to reasonably share these expenses. Shared expenses include payroll, insurance, and professional fees. This method is reviewed annually.

B. Revenue from Contracts with Customers

The following table presents CTA's program service fees disaggregated by major service line and time of revenue recognition for the year ended June 30,

	2021	2020
Over time:		
Language classes	\$ 47,777	\$ 44,222
Educational programs/workshops	36,233	55,283
Educational concerts	-	4,715
Charters and public cruises	-	68,226
Tours	1,616	3,870
Consulting services	4,450	13,715
JAFSCD articles and special issues	16,387	3,000
Total recognized over time	106,463	193,031
Point in time:		
Goods for sale	16,391	51,009
Total recognized at a point in time	16,391	51,009
Total revenue from contracts with customers	\$ 122,854	\$ 244,040

Contract Balances:

The following table presents the beginning and ending balances from contracts with customers:

	<u>2021</u>	<u>2020</u>
Accounts receivables, as of July 1	\$ 781	\$ 3,236
Accounts receivables, as of June 30	3,055	781

Performance Obligations:

The following is a description of performance obligations, timing of satisfaction of performance obligations, significant payment terms, and obligations for returns and refunds, if any, by major type of contract:

Language Classes - CTA enters into contracts with customers to provide a variety of language classes. The contract term begins when the students submit their registration for a course and ends upon course completion. The length and cost of each course varies and is advertised on multiple websites. Providing the language classes is the only performance obligation and as such the full transaction price is allocated to that performance obligation. Revenue is recognized over time as language class services are performed on a straight-line basis. Early registration discounts are provided as well as sliding scale discounts based on the student's ability to pay.

Educational Programs/Workshops - CTA enters into contracts with customers to provide services related to education programs and workshops, both single and multi-day. For multi-day programs, the contract term begins when the performance agreement is signed by both the customer and CTA and ends upon completion of the program. For single-day programs, the contract term begins when prior registration is completed or when the program commences for those who did not register beforehand. The prices of the programs vary and are defined either in the associated agreements or in program advertisements. Providing the educational program is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized over time as educational programs/workshop services are performed on a straight-line basis.

Educational Concerts - CTA enters into contracts with customers to provide educational concerts. The term of the contract begins when the performance agreement is signed and ends when the concert is performed. The prices of the concerts vary based on location and discounts are provided to those organizations unable to pay the full amount. Providing the educational program is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month the concert was completed.

Boat Cruises - CTA enters into contracts with customers to provide educational charters and cruises open to the public. For charters, the term of the contract begins once the agreement has been signed and the deposit has been received. For public cruises, the term of the contract begins upon purchase of the cruise ticket. For both, the term ends upon completion of the charter or cruise. Providing the charter or cruise is the only

performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month the charter or cruise was completed.

Tours - CTA enters into contracts with customers to provide guided tours of EcoVillage Ithaca. The contract term begins when the tour is scheduled and ends upon completion of the tour. The price of the tour is set and listed on the website. Providing the guided tour is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month the tour was completed.

Consulting Services - CTA enters into contracts with customers to provide consulting services. Each contract term varies and begins and ends at the dates specified in the consulting agreement. The contract prices vary and are defined as the amount of consideration agreed upon in the consulting contract. Providing the services described in the consulting contract is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized over time as consulting services are performed on a straight-line basis.

JAFSCD Articles & Special Issues - CTA enters into contracts with customers to provide publication of scholarly articles or special topic issues. The contract term begins when the agreement has been signed and ends when the article or issue has been published. Providing the publication of articles and special issues is the only performance obligation and as such the full transaction price is allocated to the performance obligation. Revenue is recognized in the month the article or special issue is published.

Goods for Sale - CTA enters into contracts with customers for the sales of groceries at their grocery store, the sales of produce at mobile markets and to local vendors, and the sale of books, t-shirts, cd's and other items during programs/workshops or through online stores. The prices for the products are fixed, and the performance obligation is satisfied, and revenue is recognized, at the point of sale. Customers can return purchased items at any time, but this happens infrequently, and amounts are negligible. As a result, CTA allocates the full transaction price to that purchase from the customer and does not record an estimate for future returns. There are discounts associated with those customers who have memberships, as well as discounts associated with products nearing their expiration date.

C. **Liquidity and Availability of Resources**

The following reflects CTA's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions:

	<u>2021</u>	<u>2020</u>
Financial assets	\$ 2,469,176	\$ 2,182,547
Less: those unavailable for general expenditures within one year	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 2,469,176</u></u>	<u><u>\$ 2,182,547</u></u>

As part of the Organization’s liquidity management, it invests cash in short term investments, mainly certificates of deposit. The Organization also has a goal to maintain enough cash and cash equivalents on hand to meet at least four months of normal operating expenses which are, on average, \$200,000. The Organization has no debt policy; however, the Board of Directors chose to make a one-time exception to this policy as a result of the COVID-19 pandemic and its impact on operations and applied for and received an SBA Paycheck Protection Program loan in the amount of \$234,200 in the prior year. The loan was fully forgiven. See Note K for additional details.

D. Investments

The cost, fair value, and unrealized appreciation (depreciation) for the investments of CTA for the years ended June 30, is as follows:

	2021		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Short-term investments:			
Certificates of deposit	\$ 500,000	\$ 500,000	\$ -
Long-term investments:			
Mutual funds	250,000	250,169	169
	2020		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Short-term investments:			
Certificates of deposit	\$ 990,000	\$ 990,000	\$ -

E. Furniture and Equipment

Furniture and equipment consist of the following at June 30:

	2021		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 42,707	\$ 22,871	\$ 19,836
	2020		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 42,707	\$ 18,754	\$ 23,953

Depreciation expense for the years ended June 30, 2021 and 2020 was \$4,117 and \$4,169, respectively.

F. Concentration of Credit Risk

Financial instruments that potentially subject CTA to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

G. Affiliation with Cornell University

CTA is an affiliate of Cornell University (Cornell) through a written affiliation agreement. Based on the terms of this agreement, CTA is to provide services and programs to Cornell's faculty, staff, students, and others to create "wider opportunities for education and service in the fields of religion and ethics, and their relationship to social policy." Such services and programs are governed by the terms of a separate operating agreement between the organizations.

Receivables of \$0 and \$300 were owed from Cornell for the years ended June 30, 2021 and 2020, respectively.

H. Commitments

CTA leases office space from Cornell United Religious Works under a tenant at will lease agreement. Rent expense for this office space amounted to \$821 and \$7,855 for the years ended June 30, 2021 and 2020, respectively. Cornell forgave a portion of the rent for the months they were prohibited from being on campus due to COVID-19 restrictions.

CTA entered into a lease agreement with an unrelated party on August 1, 2019. The lease term was for one year. Monthly rent due on the first of each month was \$2,000. The lease was terminated as of July 31, 2020.

CTA entered into a lease agreement with an unrelated party on March 1, 2020. The lease term was for one year. Rent of \$6,000 per year was payable in four equal installments of \$1,500 per quarter on the first day of each quarter during the lease term. The lease was terminated as of August 31, 2020.

CTA entered into a lease agreement with an unrelated party on January 1, 2019. The lease term is for five years and will end on December 31, 2023. Monthly rent due on the first of each month is \$619. The lease is based on a fixed term, and at the expiration of the fixed term the lease agreement shall terminate.

CTA entered into a lease agreement with an unrelated party on March 1, 2019. The lease term is for five years and will end on December 31, 2023. Monthly rent due on the first of each month is \$172. The lease is based on a fixed term, and at the expiration of the fixed term the lease agreement shall terminate. The lease was transferred to an external party beginning January 1, 2020.

CTA entered into a lease agreement with an unrelated party on October 1, 2021. The lease term is for three years and will end on September 30, 2024. Monthly rent due on the

first of each month is \$2,300 with a 3% raise in the monthly fee beginning October 1, 2023. The lease is based on a fixed term, and at the expiration of the fixed term the lease agreement shall terminate.

CTA also leases office space under various month-to-month leases from related parties.

Rent expense related to these leases for the years ended June 30, 2021 and 2020 amounted to \$11,887 and \$75,397, respectively.

The future minimum lease payments as of June 30, 2021 are as follows:

2022	\$ 40,164
2023	40,371
2024	21,321
	<u>\$ 101,856</u>

I. Fair Value Measurements

Accounting Standards Codification (ASC) 820 established a three-tier hierarchy for fair value measurements, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 – observable inputs such as quoted prices for identical instruments in active markets.
- Level 2 – inputs other than quoted prices in active markets that are observable either directly or indirectly through corroboration with observable market data.
- Level 3 – unobservable inputs in which there is little or no market data, which would require CTA to develop its own assumptions.

As of June 30, 2021 and 2020, CTA held certain assets that were measured at fair value on a recurring basis. The fair value of investments is obtained from readily available market prices. The following tables presents CTA’s financial assets measured at fair value on a recurring basis as of June 30, 2021 and 2020 subject to the disclosure requirements of ASC 820:

	Fair Value Measurements as of June 30, 2021			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS:				
Investments	\$ 750,169	\$ 750,169	\$ -	\$ -

	Fair Value Measurements as of June 30, 2020			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
ASSETS:				
Investments	\$ 990,000	\$ 990,000	\$ -	\$ -

J. Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at June 30 for the following projects:

	2021	2020
Alternatives Library	\$ 29,634	\$ 14,873
Prisoner Express	114	4,133
Learn@EVI	9,311	12,701
CUSLAR	-	1,531
Vitamin L	-	6,256
DCI	137,510	35,172
ICOA	11,582	-
Lyson Center	2,003	1,435
Human Rights Educators	53,555	2,174
Memory Maker	-	28,649
ESI	-	51,063
Mama's Comfort Camp	5,581	2,087
Climate Changers	-	285
Aspies for Social Success	202	-
Fresh Snack Program	-	28,252
Cradle to Career	-	49,155
FSFHC	6,250	639
QDEP	2,770	134,047
All of Trades	3,462	-
Jahajee Sisters	407,986	297,229
Neighbor to Neighbor	19,590	13,941
Open Doors English	129,110	95,453
ICSW	579	-
Open Doors	159,577	120,589
Christopherson Center	57,330	-
Designated Health	703	-
Ithaca is Unbroken	37,600	-
	<u>\$ 1,074,449</u>	<u>\$ 899,664</u>

K. Paycheck Protection Program Loan

During April 2020, CTA applied for and received a Paycheck Protection Program Loan of \$234,200 as created by the C.A.R.E.S Act. The loan had an interest rate of 1%, a maturity date of 2 years, and loan payments were deferred for six months. The loan was eligible for forgiveness based on CTA maintaining or quickly rehiring employees and maintaining salary levels.

The AICPA has issued TQA 3200.18 outlining treatment options for PPP loans by non-governmental entities. These options include treating the amount as a loan in accordance with FASB ASC 470 and accruing interest in accordance with FASB ASC 835-30, or as a governmental grant by analogy to International Accounting Standards (IAS) 20, Accounting for Governmental Grants and Disclosure or Government Assistance.

CTA has elected to treat the PPP loan utilizing the option provided by FASB ASC 470. CTA received forgiveness of the entire loan amount and related accrued interest in January 2021. The debt forgiveness has been reported as PPP loan forgiveness income on the Statement of Activities and Changes in Net Assets.

L. Risks and Uncertainties

Due to the COVID-19 pandemic, CTA experienced a significant decline in revenue from contracts with customers, mostly related to program revenues. However, CTA remained open for business as an essential business under NY guidelines and received additional grant funding to assist with the COVID-19 pandemic. As the situation evolves, CTA continues to closely monitor the impact of the COVID-19 pandemic on all aspects of the business, including how it impacts customers, vendors, and employees, in addition to how the COVID-19 pandemic impacts CTA's ability to provide services to customers. The ultimate impact of the COVID-19 pandemic on operating results, cash flows and financial condition is likely to be determined by factors which are uncertain, unpredictable and outside of CTA's control at this time. The situation surrounding COVID-19 remains fluid, and if disruptions do arise, they could materially adversely impact business.

M. Subsequent Events

CTA has evaluated events and transactions for potential recognition or disclosure in the financial statements occurring through December 14, 2021, the date the financial statements were available to be issued, and there were no events that required disclosure.