

GreatSchools, Inc.

Financial Statements

December 31, 2022
(With Comparative Totals for 2021)



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
GreatSchools, Inc.
Oakland, California

Opinion

We have audited the accompanying financial statements of GreatSchools, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of GreatSchools, Inc. as of December 31, 2022, and the changes in its 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 of Opinion

We conducted our audit 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 GreatSchools, Inc. 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.

Report on Summarized Comparative Information

We have previously audited GreatSchools, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management 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, 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.



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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 GreatSchools, Inc.'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 GreatSchools, Inc.'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 GreatSchools, Inc.'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.



Armanino^{LLP}
San Francisco, California

July 13, 2023

GreatSchools, Inc.
Statement of Financial Position
December 31, 2022
(With Comparative Totals for 2021)

| | 2022 | 2021 |
|---|--------------|--------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 4,862,781 | \$ 4,720,778 |
| Accounts receivable, net | 666,586 | 683,947 |
| Grants receivable | 500,000 | 1,325,000 |
| Prepaid expenses | 291,561 | 318,283 |
| Total current assets | 6,320,928 | 7,048,008 |
| Non-current assets | | |
| Grants receivable, net of current portion | - | 500,000 |
| Deposits | 14,571 | 14,571 |
| Property and equipment, net | 24,295 | 47,283 |
| Total non-current assets | 38,866 | 561,854 |
| Total assets | \$ 6,359,794 | \$ 7,609,862 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable | \$ 75,643 | \$ 73,147 |
| Accrued expenses | 92,550 | 102,796 |
| Accrued vacation payable | 239,631 | 229,514 |
| Deferred revenue | 527,114 | 527,689 |
| Total current liabilities | 934,938 | 933,146 |
| Net assets | | |
| Without donor restrictions | 3,344,290 | 4,143,491 |
| With donor restrictions | 2,080,566 | 2,533,225 |
| Total net assets | 5,424,856 | 6,676,716 |
| Total liabilities and net assets | \$ 6,359,794 | \$ 7,609,862 |

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

GreatSchools, Inc.
Statement of Activities
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

| | Without Donor Restrictions | With Donor Restrictions | 2022 Total | 2021 Total |
|---|----------------------------------|----------------------------|---------------------|---------------------|
| Revenues, gains and other support | | | | |
| Contributions and grants | \$ 52,932 | \$ 3,225,000 | \$ 3,277,932 | \$ 3,259,986 |
| Donated services | 59,808 | - | 59,808 | 47,260 |
| Licensing/royalty/co-branding | 1,791,444 | - | 1,791,444 | 1,730,732 |
| Website activity | 1,189,649 | - | 1,189,649 | 1,480,069 |
| Grade-Level Essentials | 14,197 | - | 14,197 | 13,800 |
| API Revenue | 43,987 | - | 43,987 | 23,053 |
| Government grant - Paycheck Protection Program | - | - | - | 757,773 |
| Other | 1,911 | - | 1,911 | 404 |
| Net assets released from restriction | <u>3,677,659</u> | <u>(3,677,659)</u> | <u>-</u> | <u>-</u> |
| Total revenues, gains and other support | <u>6,831,587</u> | <u>(452,659)</u> | <u>6,378,928</u> | <u>7,313,077</u> |
| Functional expenses | | | | |
| Program services | 6,365,876 | - | 6,365,876 | 5,515,176 |
| Management and general | 874,836 | - | 874,836 | 892,388 |
| Fundraising | <u>390,076</u> | <u>-</u> | <u>390,076</u> | <u>290,490</u> |
| Total functional expenses | <u>7,630,788</u> | <u>-</u> | <u>7,630,788</u> | <u>6,698,054</u> |
| Change in net assets | (799,201) | (452,659) | (1,251,860) | 615,023 |
| Net assets, beginning of year | <u>4,143,491</u> | <u>2,533,225</u> | <u>6,676,716</u> | <u>6,061,693</u> |
| Net assets, end of year | <u>\$ 3,344,290</u> | <u>\$ 2,080,566</u> | <u>\$ 5,424,856</u> | <u>\$ 6,676,716</u> |

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

GreatSchools, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2022 Total</u> | <u>2021 Total</u> |
|-----------------------------|-----------------------------|-----------------------------------|--------------------|-----------------------|-----------------------|
| Salaries and benefits | \$ 4,913,870 | \$ 680,122 | \$ 306,525 | \$ 5,900,517 | \$ 5,259,836 |
| Consultants | 305,592 | 42,297 | 19,063 | 366,952 | 520,222 |
| Travel and events | 60,737 | 8,411 | 3,791 | 72,939 | 14,688 |
| Content | 21,203 | 2,935 | 1,323 | 25,461 | 35,450 |
| Data center and web hosting | 137,959 | 19,095 | 8,606 | 165,660 | 152,252 |
| Technology and software | 160,762 | 19,083 | 6,485 | 186,330 | 176,613 |
| Advertising and marketing | 269,872 | 37,353 | 16,834 | 324,059 | 43,173 |
| Research and analytics | 99,968 | 13,836 | 6,236 | 120,040 | 41,995 |
| Professional fees | 118,573 | 16,411 | 7,396 | 142,380 | 161,695 |
| Rent and occupancy | 92,257 | 10,971 | 3,728 | 106,956 | 123,036 |
| Office expense | 5,250 | 705 | 305 | 6,260 | 8,659 |
| Professional development | 44,649 | 6,180 | 2,785 | 53,614 | 21,672 |
| Recruiting | 35,420 | 4,903 | 2,210 | 42,533 | 9,715 |
| Insurance, fees and other | 33,552 | 4,073 | 1,451 | 39,076 | 36,396 |
| Phones and internet | 30,136 | 4,171 | 1,880 | 36,187 | 33,700 |
| Depreciation expense | 19,829 | 2,358 | 801 | 22,988 | 17,849 |
| Bad debt expense | 16,247 | 1,932 | 657 | 18,836 | 41,103 |
| | <u>\$ 6,365,876</u> | <u>\$ 874,836</u> | <u>\$ 390,076</u> | <u>\$ 7,630,788</u> | <u>\$ 6,698,054</u> |

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

GreatSchools, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2022
(With Comparative Totals for 2021)

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ (1,251,860) | \$ 615,023 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 22,988 | 17,849 |
| Changes in operating assets and liabilities | | |
| Accounts receivable, net | 17,361 | 123,506 |
| Grants receivable | 1,325,000 | (97,354) |
| Prepaid expenses | 26,722 | (67,746) |
| Deposits | - | 25,329 |
| Accounts payable | 2,496 | (40,259) |
| Accrued expenses | (10,246) | (20,523) |
| Accrued vacation payable | 10,117 | (17,254) |
| Deferred revenue | (575) | 64,892 |
| Net cash provided by operating activities | <u>142,003</u> | <u>603,463</u> |
| Cash flows from investing activities | | |
| Acquisition of property and equipment | <u>-</u> | <u>(20,067)</u> |
| Net cash provided by (used in) investing activities | <u>-</u> | <u>(20,067)</u> |
| Net increase in cash and cash equivalents | 142,003 | 583,396 |
| Cash and cash equivalents, beginning of year | <u>4,720,778</u> | <u>4,137,382</u> |
| Cash and cash equivalents, end of year | <u>\$ 4,862,781</u> | <u>\$ 4,720,778</u> |

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

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

1. NATURE OF OPERATIONS

GreatSchools, Inc. (the "Organization" or "GreatSchools") is a nonprofit corporation that was organized in the State of California in 1998. The mission of the Organization, a 501(c)(3) tax-exempt entity, is to provide parents with the information and resources they need to choose schools, support their children's education and advocate for educational excellence. The Organization provides, via its web site, an online guide to elementary, middle and high schools in addition to resources (like Guided Search and "Milestones") for parents to choose better schools and help their children be more successful in school.

GreatSchools is the leading national source of school information for parents. With a Webby-award winning website, GreatSchools.org reached over 45 million unique visitors and over half of American families with school-age children in 2022. GreatSchools.org contains in-depth profiles of over 150,000 Pre K-12 schools and more than 1 million parent and community ratings and reviews of schools.

GreatSchools.org also provides resources for parents to see how their kids are progressing in their education. These parenting resources contain videos, articles and other resources that help parents understand what educational excellence looks like at each step of their child's learning journey and address both academic, social and emotional development by providing parents with tips about what their children should be learning, how to cultivate character strengths such as persistence and character development, and how to partner effectively with teachers.

Millions of parents come to GreatSchools for advice, and our thousands of articles, worksheets and videos answer their questions and help them encourage and support learning.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The accompanying financial statements are prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities in two classes of net assets: without donor restrictions and with donor restrictions.

- *Net assets without donor restrictions* - represent the portion of net assets which do not have donor-imposed stipulations and are available to support the Organization's operations.
- *Net assets with donor restrictions* - represent the portion of net assets for which use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization. When the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the financial statements as net assets released from restriction.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For purposes of the statement of cash flows, all highly liquid investments with original maturity dates of three months or less are considered to be cash and cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may be in excess of federally insured limits. Management believes it is not exposed to any significant risks on cash accounts.

Accounts receivable

Website and licensing receivables are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is maintained based on past experiences and other circumstances. Account balances are charged off against the allowance for doubtful accounts after all means of collection have been exhausted and the potential for recovery is considered remote. The allowance for doubtful accounts amounted to \$43,843 at December 31, 2022.

Property and equipment

Purchased property and equipment is carried at cost. Donated property and equipment is recorded at fair value as of the date of receipt. Assets acquired with a cost or fair value greater than \$1,500 are capitalized. Maintenance and repairs are expensed as incurred. Assets retired or sold are removed from the property accounts, with gains or losses on disposal included in income.

Depreciation of property and equipment is provided by use of the straight-line method over the lesser of the estimated three to seven year useful lives of the equipment or the related lease term. Purchased intangible assets are carried at cost. These assets include the domain name and web site development costs. Amortization of intangible assets is provided by use of the straight-line method over the estimated three to five year useful lives of the intangibles. Intangible assets are fully amortized as of December 31, 2022.

The Organization reviews long-lived tangible and intangible assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable. Impairment is recognized if the fair value of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

Deferred revenues

Licensing revenue and Grade-Level Essentials revenue received that relates to future periods is recorded as deferred revenue and amortized into income as earned.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and grants

Contributions and grants, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are recognized when the barriers on which they depend have been overcome. There were no conditional promises to give for the year ended December 31, 2022. Unconditional promises to give that are expected to be collected in excess of one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. There is no discount recorded for the year ended December 31, 2022 as the discount calculated was immaterial to the financial statements. An allowance for doubtful contributions receivable is provided based upon management's judgment including factors such as prior collection history, type of contribution and current aging of contributions receivable. Management has determined that an allowance for doubtful contributions receivable is not necessary at December 31, 2022.

Donated goods and services

Donated goods and services that would typically need to be purchased if not donated are recognized in the accompanying financial statements as contributions when such goods and services (a) enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills. Usually the Organization receives such donated goods and services for software, computer parts, advertisements and legal services.

Revenue recognition

The Organization accounts for revenues from licensing/royalty/co-branding and website activities under the provisions of Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, which, among other things, requires entities to assess the products or services promised in contracts with customers at contract inception to determine the appropriate amount at which to record revenue, which is referred to as a performance obligation. Revenue is recognized when control of the promised products or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the products or services.

Revenue from contracts with customers is recognized using the following five steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the contract price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the Organization satisfies a performance obligation.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Licensing/royalty/co-branding revenue is recognized as revenue when earned over the term of the contract. Website activity income generated on the Organization's website from advertisement placements is a function of website page views and price. The Organization's current partners are education-related firms, real estate and mortgage professionals, consumer companies, Google and Freestar.

Website activity expenses

Website activity expenses are recognized as incurred and consist of expenses allocable against website activity income based on managerial assumptions. The Organization also incurs website development costs and has determined that no website development costs were eligible for capitalization. Website development costs amounted to approximately \$2,300,000 for the year ended December 31, 2022, which is included in salaries and wages on the statement of functional expenses.

Functional expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated amongst program services and supporting services based on management estimates utilizing allocated time and full time equivalents ("FTE") of each program.

Advertising costs

Advertising costs are charged to expense as incurred and amounted to \$324,059 for the year ended December 31, 2022.

Income taxes

There is no provision for federal or state taxes on income since the Organization is a tax-exempt entity under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code 23701(d). The Organization has evaluated its current tax positions and has concluded that as of December 31, 2022, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary and that no unrelated business taxable income arising from its website activity is subject to taxation.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such summarized 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 Organization's financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Change in accounting principle

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") 842, *Leases* ("ASC 842") to increase transparency and comparability among organizations by requiring the recognition of right-of-use assets and lease liabilities on the statement of financial position by lessees. The Organization adopted the standard effective January 1, 2022 and the adoption of the standard did not have a significant impact on the accompanying financial statements.

In September 2020, the FASB issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets and increases the disclosure requirements around contributed nonfinancial assets. The standard includes disclosures of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The Organization adopted ASU 2020-07 with a date of initial application of January 1, 2022. The implementation did not have a significant impact on the financial statements beyond increased disclosures.

Subsequent events

The Organization has evaluated events subsequent to December 31, 2022, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 13, 2023, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the Organization's financial statements.

3. GRANTS RECEIVABLE

Grants receivable consisted of the following:

| | |
|-------------------------------------|-------------------|
| Receivable in less than one year | \$ 500,000 |
| Receivable in greater than one year | <u>-</u> |
| | <u>\$ 500,000</u> |

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| | |
|--|------------|
| Equipment | \$ 329,734 |
| Software | 30,979 |
| | 360,713 |
| Less accumulated depreciation and amortization | (336,418) |
| | \$ 24,295 |

Depreciation and amortization expense for 2022 amounted to \$22,988.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted by donors to the following purposes:

| | |
|-----------------------------------|--------------|
| R&D | \$ 606,761 |
| Non-CSA Data | 539,624 |
| School Information Pages | 383,434 |
| General support - time restricted | 228,333 |
| Advocacy | 114,323 |
| Other | 113,661 |
| Barr | 94,430 |
| | \$ 2,080,566 |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows:

| | |
|-----------------------------------|--------------|
| R&D | \$ 867,142 |
| Non-CSA Data | 775,000 |
| General support - time restricted | 680,000 |
| School Information Pages | 550,000 |
| Barr | 255,131 |
| College Success Awards | 221,744 |
| Advocacy | 165,000 |
| Other | 163,642 |
| | \$ 3,677,659 |

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

6. DONATED SERVICES

During the year ended December 31, 2022, the Organization received donated legal and professional services. The fair value of the legal and professional services is based on number of hours and hourly fees that providers normally charge for such services. The Organization did not monetize any contributed nonfinancial assets unless otherwise noted. Contributed nonfinancial assets did not have donor restrictions.

Donated services consisted of the following:

| | |
|----------------|------------------|
| Advertising | \$ 49,825 |
| Legal services | <u>9,983</u> |
| | <u>\$ 59,808</u> |

7. RETIREMENT PLAN

The Organization has a defined contribution savings plan under the salary deferral provision of Internal Revenue Code Section 403(b). Employees can choose to have a specified dollar amount or a percentage of their salaries invested in mutual funds or a managed plan of their choice each pay period. The Organization provides a matching contribution of \$0.50 for each \$1.00 up to a maximum of \$2,500 per employee per year. The total matching contribution expense for the year ended December 31, 2022 was \$64,317.

8. COMMITMENTS AND CONTINGENCIES

Contract commitments

The Organization has entered into a membership agreement with WeWork for the use of office space, conference room credits, and print and copy credits. The membership agreement requires a monthly fee of \$6,600 through June 30, 2023.

The Organization has entered into an agreement with Digital Realty for offsite data center storage. The agreement requires monthly payments starting at \$1,006 with annual increases of 3%. In January 2022, the Organization extended the contract through January 31, 2025.

The agreements with WeWork and Digital Realty do not constitute leases pursuant to ASC 842, *Leases*.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

8. COMMITMENTS AND CONTINGENCIES (continued)

Contract commitments (continued)

The scheduled minimum contract payments are as follows:

Year ending December 31,

| | | |
|------|----|---------------|
| 2023 | \$ | 52,786 |
| 2024 | | 13,491 |
| 2025 | | <u>1,126</u> |
| | \$ | <u>67,403</u> |

Expense under all contracts for the year ended December 31, 2022 was \$106,956.

Risks and uncertainties

The Organization depends heavily on contributions, fundraising events and grants for its revenue. The ability of the Organization to attract support and revenues that are comparable to prior years may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of donations to the Organization. While the Organization's Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

9. CONCENTRATIONS

The Organization's total revenues for 2022 includes \$3,000,000 received from one organization. This amount represents approximately 47% of total revenues for the year ended December 31, 2022. The Organization's total receivables for 2022 includes \$620,000 due from two organizations. This amount represents 53% of total receivables for the year ended December 31, 2022.

Credit risk

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash investments and short term investments. The potential concentration of credit risk pertaining to cash investments will vary throughout the year depending upon the level of cash deposits versus amounts insured.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2022

10. LIQUIDITY AND FUNDS AVAILABLE

As a part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Contributions that are considered current will be collected from donors within one year and will be available for general expenditures when received. Funds from current executed grant agreements will be collected upon the date established in the agreement or upon such time as the Organization achieved the metric by which payment of such funds can be initiated.

At a minimum, the Organization's Finance Committee reviews the Organization's financial position on a quarterly basis. The Chief Executive Officer reviews the Organization's financial position monthly.

The following is a quantitative disclosure describing assets available within one year of December 31, 2022, to fund expenditures and other obligations when they become due:

| | |
|--|---------------------|
| Financial assets | |
| Cash and cash equivalents | \$ 4,862,781 |
| Grants receivable | 500,000 |
| Accounts receivable, net | <u>666,586</u> |
| | <u>6,029,367</u> |
| Less: amounts unavailable for general expenditures within one year | |
| Restricted contributions and grants | <u>(1,467,288)</u> |
| | <u>\$ 4,562,079</u> |

The Organization has financial assets available at December 31, 2022 to cover approximately seven months of operating expenses based on the Organization's fiscal 2023 budget.