

GreatSchools, Inc.

Financial Statements

December 31, 2021
(With Comparative Totals for 2020)



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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, 2021, 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, 2021, 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 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 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.

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.



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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.

Report on Summarized Comparative Information

We have previously audited GreatSchools, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2021 . In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Armanino^{LLP}
San Francisco, California

July 14, 2022

GreatSchools, Inc.
Statement of Financial Position
December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,720,778	\$ 4,137,382
Accounts receivable, net	683,947	807,453
Grants receivable	1,325,000	1,727,646
Prepaid expenses	318,283	250,537
Total current assets	7,048,008	6,923,018
Non-current assets		
Grants receivable, net of current portion	500,000	-
Deposits	14,571	39,900
Property and equipment, net	47,283	45,065
Total non-current assets	561,854	84,965
Total assets	\$ 7,609,862	\$ 7,007,983
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 73,147	\$ 113,406
Accrued expenses	102,796	123,319
Accrued vacation payable	229,514	246,768
Deferred revenue	527,689	462,797
Total current liabilities	933,146	946,290
Net assets		
Without donor restrictions	4,143,491	3,596,051
With donor restrictions	2,533,225	2,465,642
Total net assets	6,676,716	6,061,693
Total liabilities and net assets	\$ 7,609,862	\$ 7,007,983

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

GreatSchools, Inc.
Statement of Activities
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues, gains and other support				
Contributions and grants	\$ 209,986	\$ 3,050,000	\$ 3,259,986	\$ 4,184,592
Donated services	47,260	-	47,260	21,135
Licensing/royalty/co-branding	1,730,732	-	1,730,732	1,756,663
Website activity	1,480,069	-	1,480,069	1,458,621
Grade-Level Essentials	13,800	-	13,800	9,200
API Revenue	23,053	-	23,053	-
Government grant - Paycheck Protection Program	757,773	-	757,773	742,506
Other	404	-	404	1,967
Net assets released from restriction	<u>2,982,417</u>	<u>(2,982,417)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>7,245,494</u>	<u>67,583</u>	<u>7,313,077</u>	<u>8,174,684</u>
Functional expenses				
Program services	5,515,176	-	5,515,176	5,006,633
Management and general	892,388	-	892,388	788,671
Fundraising	<u>290,490</u>	<u>-</u>	<u>290,490</u>	<u>527,686</u>
Total functional expenses	<u>6,698,054</u>	<u>-</u>	<u>6,698,054</u>	<u>6,322,990</u>
Change in net assets	547,440	67,583	615,023	1,851,694
Net assets, beginning of year	<u>3,596,051</u>	<u>2,465,642</u>	<u>6,061,693</u>	<u>4,209,999</u>
Net assets, end of year	<u>\$ 4,143,491</u>	<u>\$ 2,533,225</u>	<u>\$ 6,676,716</u>	<u>\$ 6,061,693</u>

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

GreatSchools, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2021 Total</u>	<u>2020 Total</u>
Salaries and benefits	\$ 4,403,939	\$ 619,579	\$ 236,318	\$ 5,259,836	\$ 5,061,417
Consultants	435,570	61,279	23,373	520,222	180,542
Travel and events	11,670	2,392	626	14,688	9,158
Content	29,681	4,176	1,593	35,450	66,396
Data center and web hosting	127,478	17,934	6,840	152,252	246,063
Technology and software	148,817	22,284	5,512	176,613	70,865
Advertising and marketing	36,147	5,086	1,940	43,173	18,814
Research and analytics	35,161	4,947	1,887	41,995	30,103
Professional fees	46,578	112,618	2,499	161,695	140,151
Rent and occupancy	103,672	15,524	3,840	123,036	283,894
Office expense	7,257	1,030	372	8,659	63,684
Professional development	18,145	2,553	974	21,672	25,831
Recruiting	8,134	1,144	437	9,715	14,594
Insurance, fees and other	25,036	10,434	926	36,396	33,667
Phones and internet	28,216	3,970	1,514	33,700	28,856
Depreciation expense	15,040	2,252	557	17,849	8,054
Bad debt expense	34,635	5,186	1,282	41,103	40,901
	<u>\$ 5,515,176</u>	<u>\$ 892,388</u>	<u>\$ 290,490</u>	<u>\$ 6,698,054</u>	<u>\$ 6,322,990</u>

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

GreatSchools, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2021
(With Comparative Totals for 2020)

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 615,023	\$ 1,851,694
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	17,849	8,054
Changes in operating assets and liabilities		
Accounts receivable, net	123,506	48,770
Grants receivable	(97,354)	(827,646)
Prepaid expenses	(67,746)	(80,793)
Deposits	25,329	-
Accounts payable	(40,259)	78,015
Accrued expenses	(20,523)	89,062
Accrued vacation payable	(17,254)	94,668
Deferred revenue	64,892	23,489
Net cash provided by operating activities	603,463	1,285,313
Cash flows from investing activities		
Acquisition of property and equipment	(20,067)	(42,348)
Net cash used in investing activities	(20,067)	(42,348)
Net increase in cash and cash equivalents	583,396	1,242,965
Cash and cash equivalents, beginning of year	4,137,382	2,894,417
Cash and cash equivalents, end of year	\$ 4,720,778	\$ 4,137,382

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

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2021

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 49 million unique visitors and over half of American families with school-age children in 2021. 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, 2021

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 \$35,870 at December 31, 2021.

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, 2021.

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 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, 2021

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 conditions on which they depend are substantially met. There were no conditional promises to give for the year ended December 31, 2021. 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, 2021 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, 2021.

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 and legal services.

The Organization received donated legal services with a fair value of \$47,260 during the year ended December 31, 2021.

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

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- Recognize revenue when (or as) the Organization satisfies a performance obligation.

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 \$2,500,000 for the year ended December 31, 2021, 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 \$40,201 for the year ended December 31, 2021.

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, 2021, 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.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2020, from which the summarized information was derived.

Recent accounting pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases* (Topic 842), which is a comprehensive new lease standard that will supersede previous lease guidance. The standard requires a lessee to recognize assets and liabilities related to long-term leases that were classified as operating leases under previous guidance in its balance sheet. An asset would be recognized related to the right to use the underlying asset and a liability would be recognized related to the obligation to make lease payments over the term of the lease. The standard also requires expanded disclosures surrounding leases. The standard (including clarification guidance subsequently issued) is effective for fiscal periods beginning after December 15, 2021 and requires modified retrospective adoption, with early adoption permitted. The Organization is currently evaluating the impact of the adoption of this standard on its financial statements and related disclosures.

Subsequent events

The Organization has evaluated events subsequent to December 31, 2021, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 14, 2022, 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 except as disclosed in Note 8.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2021

3. GRANTS RECEIVABLE

Grants receivable consisted of the following:

Receivable in less than one year	\$ 1,325,000
Receivable in greater than one year	<u>500,000</u>
	<u><u>\$ 1,825,000</u></u>

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Equipment	\$ 329,734
Software	<u>30,979</u>
	360,713
Less accumulated depreciation and amortization	<u>(313,430)</u>
	<u><u>\$ 47,283</u></u>

Depreciation and amortization expense for 2021 amounted to \$17,849.

5. NET ASSETS WITH DONOR RESTRICTIONS

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

General support - time restricted	\$ 908,333
Non-CSA Data	670,094
School Information Pages	606,082
GreatSchools College Success Award	224,155
Barr	<u>124,561</u>
	<u><u>\$ 2,533,225</u></u>

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2021

5. NET ASSETS WITH DONOR RESTRICTIONS (continued)

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:

GreatSchools College Success Award	\$ 802,790
Barr	507,054
R&D	355,214
Non-CSA Data	336,906
General support - time restricted	316,667
School Information Pages	259,418
New Revenue Streams	259,348
Advocacy	85,060
Other	<u>59,960</u>
	<u>\$ 2,982,417</u>

6. GOVERNMENT GRANT - PAYCHECK PROTECTION PROGRAM

In April 2020, the Organization qualified and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, from a qualified bank, in the principal amount of \$742,506. The term on the loan was two years with an annual interest rate of 1%. Subject to SBA provisions and guidelines, payments of principal and interest are deferred for the first six months of the loan. Under the terms of the CARES Act, PPP loan recipients could apply for and be granted forgiveness for all or a portion of the loans granted under the PPP. Such forgiveness was determined based on the use of the loan proceeds for payroll costs, rent and utility expenses, and the maintenance of workforce and compensation levels with certain limitations.

In April 2021, the Organization qualified for and received a second PPP loan from the same bank in the principal amount of \$757,773 under similar terms as the first PPP loan.

The Organization used the full amount of the PPP loans to fund eligible payroll, rent, and utility expenses under the terms of the PPP loans. As a result, the Organization believes it has met all PPP eligibility criteria for forgiveness. The Organization accounts for the PPP loans as government grant revenue and recognizes revenues as qualifying expenses are incurred.

In January 2021, the Organization received full forgiveness of the first PPP loan in the amount of \$742,506. In November 2021, the Organization received full forgiveness of the second PPP loan in the amount of \$757,733.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2021

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 \$1,000 per employee per year. The total matching contribution expense for the year ended December 31, 2021 was \$65,438.

8. COMMITMENTS AND CONTINGENCIES

Lease and contract commitments

In November 2018, the Organization entered into a membership agreement with WeWork for a membership fee of \$21,280 per month beginning in April 1, 2019 through March 31, 2021. The membership agreement includes the use of office space, conference room credits, and print and copy credits. In January 2021, the Organization entered into a new agreement with WeWork for decreased office space, with monthly payments of \$2,400 beginning March 1, 2021 through June 30, 2021. In February 2021, the Organization extended the agreement for an additional year with monthly payments of \$6,377 beginning July 1, 2021 through June 30, 2022. In April 2022, the Organization entered into another one year extension with WeWork with monthly payments of \$6,600 beginning July 1, 2022 through June 30, 2023.

In addition, the Organization entered into another membership agreement with WeWork for an employee in Chicago in July 2021. The monthly membership fee is \$250 and the term of the agreement extends through July 31, 2022.

In November 2018, the Organization entered into a lease agreement with Digital Reality for offsite data center storage. Monthly rent started at \$1,006 with annual rent increases of 3% and the term of the agreement began on February 1, 2019 through January 31, 2022. In January 2022, the Organization extended their lease for another 3 years through January 31, 2025. The Organization has elected to not record deferred rent due to the immaterial difference when compared to straight line rental payments.

The scheduled minimum lease and contract payments are as follows:

<u>Year ending December 31,</u>	
2022	\$ 92,498
2023	52,786
2024	13,491
2025	<u>1,126</u>
	<u>\$ 159,901</u>

Rental expense under all operating leases for the year ended December 31, 2021 was \$123,036.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2021

8. COMMITMENTS AND CONTINGENCIES (continued)

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 2021 includes \$2,225,000 received from two organizations. This amount represents approximately 30% of total revenues for the year ended December 31, 2021. The Organization's total receivables for 2021 includes \$1,725,000 due from two organizations. This amount represents 69% of total receivables for the year ended December 31, 2021.

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.

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.

GreatSchools, Inc.
Notes to Financial Statements
December 31, 2021

10. LIQUIDITY AND FUNDS AVAILABLE (continued)

The following is a quantitative disclosure describing assets available within one year of December 31, 2021, to fund expenditures and other obligations when they become due:

Financial assets	
Cash and cash equivalents	\$ 4,720,778
Grants receivable	1,325,000
Accounts receivable, net	<u>683,947</u>
	<u>6,729,725</u>
Less: amounts unavailable for general expenditures within one year	
Restricted contributions and grants	<u>(1,850,814)</u>
	 <u>\$ 4,878,911</u>

The Organization has financial assets available at December 31, 2021 to cover approximately seven months of operating expenses based on the Organization's fiscal 2022 budget.