

iMentor, Inc.

Audited Financial Statements

June 30, 2023

iMentor, Inc.

Audited Financial Statements

June 30, 2023

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Independent Auditor's Report

Board of Directors
iMentor, Inc.

Opinion

We have audited the accompanying financial statements of iMentor, Inc. ("iMentor"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of iMentor as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about iMentor'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 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 iMentor's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about iMentor's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

The financial statements of iMentor as of and for the year ended June 30, 2022, were audited by other auditors whose report dated November 18, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects with the audited financial statements for which it was derived.

Sax CPAs LLP

New York, NY
November 14, 2023

iMentor, Inc.

Statement of Financial Position

At June 30, 2023

(With comparative totals at June 30, 2022)

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 3,899,709	\$ 9,807,364
Investments	12,833,254	9,495,239
Contributions and grants receivable, net	6,893,270	9,635,396
Prepaid expenses and other receivables	176,522	289,258
Fixed assets, net	1,771,713	1,710,110
Security deposits	13,710	13,710
Operating lease right-of-use asset	10,989,424	-
Investments held for endowment	7,133,792	6,632,662
TOTAL ASSETS	<u>\$ 43,711,394</u>	<u>\$ 37,583,739</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,185,390	\$ 1,298,142
Deferred revenue	7,100	7,143
Deferred rent	-	982,746
Operating lease liability	12,024,197	-
Total liabilities	<u>13,216,687</u>	<u>2,288,031</u>
NET ASSETS		
Without donor restrictions	17,452,393	17,354,970
With donor restrictions	13,042,314	17,940,738
Total net assets	<u>30,494,707</u>	<u>35,295,708</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,711,394</u>	<u>\$ 37,583,739</u>

The attached Notes and Auditor's Report are an Integral Part of these Financial Statements.

iMentor, Inc.

Statement of Activities

For the year ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/23</u>	<u>Total 6/30/22*</u>
PUBLIC SUPPORT AND REVENUE:				
Contributions:				
Foundation	\$ 2,299,703	\$ 2,891,444	\$ 5,191,147	\$ 5,945,394
Corporate	571,565	3,783,999	4,355,564	5,538,273
Board	2,295,416	-	2,295,416	1,650,709
Other individual	1,630,148	-	1,630,148	2,989,092
Strategic capital	86	-	86	311,674
Special event income (net of expenses with a direct benefit to donor)	1,188,916	-	1,188,916	-
In-kind	114,108	-	114,108	27,067
School, district & partner fees	1,697,226	-	1,697,226	1,551,940
Rental income	25,125	-	25,125	-
Investment return	441,206	501,130	942,336	(1,197,183)
Government grants	25,000	-	25,000	50,000
Paycheck Protection Program loan forgiveness	-	-	-	2,000,000
Other income	6,076	-	6,076	-
Net assets released from restriction	12,074,997	(12,074,997)	-	-
Total public support and revenue	<u>22,369,572</u>	<u>(4,898,424)</u>	<u>17,471,148</u>	<u>18,866,966</u>
EXPENSES				
Program services	16,988,732	-	16,988,732	15,763,590
Supporting services:				
Management and general	3,196,962	-	3,196,962	3,161,620
Fundraising	2,086,455	-	2,086,455	1,848,203
Total expenses	<u>22,272,149</u>	<u>-</u>	<u>22,272,149</u>	<u>20,773,413</u>
Change in net assets	97,423	(4,898,424)	(4,801,001)	(1,906,447)
NET ASSETS, beginning of year	<u>17,354,970</u>	<u>17,940,738</u>	<u>35,295,708</u>	<u>37,202,155</u>
NET ASSETS, end of year	<u>\$ 17,452,393</u>	<u>\$ 13,042,314</u>	<u>\$ 30,494,707</u>	<u>\$ 35,295,708</u>

*Reclassified for comparative purposes

The attached Notes and Auditor's Report are an Integral Part of these Financial Statements.

iMentor, Inc.

Statement of Functional Expenses

For the year ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total Expenses 6/30/23</u>	<u>Total Expenses 6/30/22</u>
		<u>Management and General</u>	<u>Fundraising</u>		
Salaries and benefits	\$ 12,151,978	\$ 2,512,575	\$ 1,397,574	\$ 16,062,127	\$ 15,153,879
Rent and office management	1,212,330	132,878	109,414	1,454,622	1,403,019
Professional fees	626,670	221,523	321,756	1,169,949	691,120
Software and technology	566,194	219,404	50,189	835,787	736,876
Program recruiting, screening, training & events	776,923	-	4,645	781,568	715,285
Travel	270,878	6,640	29,884	307,402	102,106
Marketing	40,877	4,756	25,184	70,817	73,560
Staff recruiting and professional development	156,520	20,080	12,508	189,108	300,842
Insurance	148,828	30,322	5,358	184,508	158,831
Other expenses	33,135	34,939	368,973	437,047	248,843
Depreciation and amortization	1,004,399	13,845	9,200	1,027,444	1,189,052
Total expenses	16,988,732	3,196,962	2,334,685	22,520,379	20,773,413
Less: cost of direct benefit to donor netted with revenue	-	-	(248,230)	(248,230)	-
Total expenses	\$ 16,988,732	\$ 3,196,962	\$ 2,086,455	\$ 22,272,149	\$ 20,773,413

The attached Notes and Auditor's Report are an Integral Part of these Financial Statements.

iMentor, Inc.

Statement of Cash Flows

For the year ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	June 30,	
	2023	2022*
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (4,801,001)	\$ (1,906,447)
Adjustments to reconcile change in net assets to net cash used for operating activities		
Depreciation and amortization	1,027,444	1,189,052
Paycheck Protection Program loan forgiveness	-	(2,000,000)
Realized and unrealized (gain)/loss on investments	(503,515)	1,374,802
Donated stock	(2,886,530)	(4,099,660)
Changes in assets and liabilities		
Contribution and grants receivable	2,742,126	3,076,285
Prepaid expenses and other receivables	112,736	(133,202)
Security deposits	-	1,190
Operating lease right-of-use asset and liability	1,034,773	-
Accounts payable and accrued expenses	(112,752)	162,897
Deferred revenue	(43)	(2,857)
Deferred rent	(982,746)	51,561
Total adjustments	431,493	(379,932)
Net cash flows used for operating activities	(4,369,508)	(2,286,379)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,089,047)	(1,057,771)
Purchase of investments	(7,285,257)	(10,035,986)
Proceeds from sale of securities	6,836,157	5,943,401
Net cash flows used for investing activities	(1,538,147)	(5,150,356)
Net decrease in cash and cash equivalents	(5,907,655)	(7,436,735)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	9,807,364	17,244,099
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 3,899,709	\$ 9,807,364
SUPPLEMENTAL CASH FLOW INFORMATION		
No interest or income taxes were paid.		
Supplemental disclosure of non-cash investing activities:		
Disposal of fixed assets	\$ 61,505	\$ 995,890

*Reclassified for comparative purposes

The attached Notes and Auditor's Report are an Integral Part of these Financial Statements.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 1 - Nature of Activities

iMentor, Inc., (“iMentor”) is a not-for-profit organization that partners with public high schools in low-income communities, where a majority of students served will be first-generation college graduates. iMentor builds mentoring relationships, which empower students to navigate high school, succeed in college, and achieve their ambitions. Since 1999, iMentor has matched more than 42,000 students across the country with mentors. iMentor’s primary source of revenue is contributions.

Our Model:

Whole-School Model: iMentor matches every student in a school with a college-educated mentor who is deeply integrated into each school’s culture.

Long-Term Mentoring Relationships: Mentors commit to working with a single student for a minimum of two years and have an option to extend by an additional two years, during which they build their relationship through weekly online communication and monthly in-person meetings and other program activities.

Curriculum and Staff Support: iMentor provides the expertise and support mentors need to be effective, including a college success curriculum that guides each weekly interaction and a full-time staff member responsible for the success of the relationship.

Personalized Guidance: Mentors gain a holistic understanding of their mentee’s individual talents, aspirations, and challenges, which allows them to provide a level of personalized support that could not be achieved through traditional school counseling alone.

Our Impact:

iMentor is tracking the long-term college outcomes for 22,810 students nationally.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of iMentor have been prepared on the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Recently Adopted Accounting Pronouncement

Effective July 1, 2022, iMentor adopted the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. iMentor elected transition relief that allows entities, in the period of adoption, to present the current period under FASB’s Accounting Standards Codification (“ASC”) 842 and the comparative period under FASB ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing FASB ASU No. 2016-02, iMentor recognized right-of-use (“ROU”) assets of \$11,784,810 and lease liabilities totaling \$ 12,767,556 in its statement of financial position as of July 1, 2022. iMentor also adopted the ASU for new leases during the year ended June 30, 2023. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended June 30, 2023.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

c. Basis of Presentation

iMentor reports information regarding its financial position and activities according to specific classes of net assets as follows:

- *Net Assets Without Donor Restrictions* - accounts for activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact in perpetuity.

d. Revenue Recognition

iMentor follows the requirements of FASB ASC 958-605 recording contributions, which are recognized at the time they become unconditional in nature. Contributions that do not contain donor restrictions are recorded in the class of net assets without donor restrictions. Contributions that do contain donor restrictions are recorded in the class of net assets with donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

Conditional contributions are recognized as income once the conditions have been substantially met. There were no conditional pledges recognized at June 30, 2023 and 2022.

Contributions are recognized at net realizable value if expected to be received within one year, or at fair value using risk-adjusted present value techniques if expected to be received in more than one year.

iMentor follows FASB ASC 606 for recognizing revenue from contracts with customers. School, district, and partner fees revenue fall under FASB ASC 606 and consist of contracts with various partner organizations, whereby revenue is recognized over the period of time iMentor is required to perform services to youth enrolled in its programs. Fees that have not been collected at year end are reflected as fees receivable. Amounts collected in advance are recognized as deferred revenue.

Management assesses the collectability of all outstanding receivables based upon past experience, historical trends, and specific knowledge of each donor. The allowance for doubtful accounts was approximately \$245,000 and \$236,000 at June 30, 2023 and 2022, respectively.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

e. Cash and Cash Equivalents

Liquid investments other than amounts held by the investment custodian for long-term purposes and have an initial maturity of three months or less are reflected as cash and cash equivalents.

f. Concentration of Credit Risk

Financial instruments which potentially subject iMentor to a concentration of credit risk consist of cash, money market accounts, and investment securities. iMentor invests with financial institutions that management deems to be creditworthy. Uninsured balances were \$23,528,329 and \$25,670,922 at June 30, 2023 and 2022, respectively. However, iMentor has not experienced any losses due to the failure of any financial institution.

g. Investments

Investments are stated at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, net of investment fees is included in income on the statement of activities.

h. Fixed Assets

Fixed assets that iMentor retains title to, exceed a dollar threshold of \$5,000, and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. All fixed assets are depreciated over the estimated useful life of the respective asset or lease term using the straight-line method.

i. Leases (FASB ASC 842) and Deferred Rent (FASB ASC 840)

Prior to the implementation of FASB ASC 842 as discussed in Note 2b, iMentor recorded rent on the straight-line basis over the life of the lease in accordance with FASB ASC 840. Under this prior treatment deferred rent is accrued when rent expense is recognized in excess of cash payments, primarily due to free rent received at the beginning of the lease. As future payments exceed the annual expense recognized, deferred rent is reduced to zero by the end of the lease term.

Under FASB ASC 842, adopted as of July 1, 2022, iMentor determines if an arrangement is or contains a lease at inception. Leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. iMentor does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that iMentor will exercise that option.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

j. In-Kind Contributions

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

Board members and other individuals volunteer their time and perform a variety of services that assist iMentor. Other than services that involve specific professional skills, these volunteer activities do not meet the criteria to be recorded and have not been included in the financial statements.

For the years ended June 30, 2023 and June 30, 2022, in-kind contributions consist of the following:

	June 30, 2023			
	Program Services	Management and General	Fundraising	Total
Legal	\$ -	\$ 9,882	\$ -	\$ 9,882
Other services	100,000	-	-	100,000
Goods	-	-	4,226	4,226
Total	<u>\$ 100,000</u>	<u>\$ 9,882</u>	<u>\$ 4,226</u>	<u>\$ 114,108</u>

	June 30, 2022			
	Program Services	Management and General	Fundraising	Total
Legal	\$ -	\$ 24,567	\$ -	\$ 24,567
Other services	2,500	-	-	2,500
Total	<u>\$ 2,500</u>	<u>\$ 24,567</u>	<u>\$ -</u>	<u>\$ 27,067</u>

Donated services and goods are recorded at their estimated fair value. Donated legal and other services are valued based on current rates for similar services. Donated goods are valued based on the estimates of wholesale values that would be received for selling similar goods in the United States.

k. Advertising Costs

Promotional costs are expensed as incurred.

l. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

m. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following costs are allocated by time and effort:

- Salaries and benefits
- Marketing

The following costs are allocated based on headcount at the various office locations:

- Rent and office management
- Software and technology
- Staff recruiting and professional development
- Depreciation and amortization

All other expenses have been charged directly to the applicable program or supporting service.

n. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2022, from which the summarized information was derived. Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

o. Tax Status

iMentor has been notified by the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a). iMentor does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2020 and later are subject to examination by applicable taxing authorities.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 3 - Investments and Fair Value Measurements

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that iMentor has the ability to access.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

At June 30, 2023 and June 30, 2022, all investments were considered to be level 1 securities and consist of the following:

	<u>6/30/23</u>	<u>6/30/22</u>
Equities - U.S.	\$ 3,424,356	\$ 3,344,450
Equities - non-U.S.	1,491,863	1,398,271
Bonds	3,916,047	3,296,106
Money funds/cash	3,296,651	129,771
Treasury note	7,838,129	7,959,303
Total	<u>\$ 19,967,046</u>	<u>\$ 16,127,901</u>
	<u>6/30/23</u>	<u>6/30/22</u>
Investments	\$ 12,833,254	\$ 9,495,239
Investments held for endowment	7,133,792	6,632,662
Total	<u>\$ 19,967,046</u>	<u>\$ 16,127,901</u>

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

Investment return for the years ended June 30, 2023 and June 30, 2022 is as follows:

	<u>6/30/23</u>	<u>6/30/22</u>
Interest and dividends	\$ 493,685	\$ 237,359
Realized and unrealized gain/(loss)	503,515	(1,374,802)
Investment fees	(54,864)	(59,740)
Total	<u>\$ 942,336</u>	<u>\$ (1,197,183)</u>

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 4 - Contributions and Grants Receivable, Net

Contributions and grants receivable are due in the following periods:

Year ending:

June 30, 2024	\$ 5,799,709
June 30, 2025	735,000
Greater than five years	685,754
	<u>7,220,463</u>
Less: fair value discount (1.52% - 4.87%)	(81,990)
Less: allowance for doubtful accounts	(245,203)
Total	<u><u>\$ 6,893,270</u></u>

Note 5 - Fixed Assets

Fixed assets can be summarized as follows:

	<u>6/30/23</u>	<u>6/30/22</u>	<u>Useful Life</u>
Software and website	\$ 5,953,977	\$ 4,930,432	3 years
Leasehold improvements	65,103	65,103	<i>lower of the life of the lease or 7 years</i>
Computers and technology	489,893	485,896	3 years
Furniture and fixtures	<u>483,268</u>	<u>483,268</u>	7 years
	6,992,241	5,964,699	
Less accumulated depreciation and amortization	<u>(5,220,528)</u>	<u>(4,254,589)</u>	
Total fixed assets, net	<u><u>\$ 1,771,713</u></u>	<u><u>\$ 1,710,110</u></u>	

Note 6 - Operating Lease Right-of-Use Asset and Operating Lease Liability

iMentor evaluated current contracts to determine which met the criteria of a lease. iMentor leases office space in New York City and Baltimore under long-term non-cancelable leases. The lease in New York City commenced in October 2019 and runs through October 2034. Under terms of this lease, an irrevocable standby letter of credit was established for the benefit of the landlord. The lease in Baltimore commenced in November 2019 and runs through October 2025. These leases were determined to be operating leases. The lease terms for all leases, including short-term leases, do not include any extension options.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 6 - Operating Lease Right-of-Use Asset and Operating Lease Liability - Continued

The ROU assets represent the iMentor's right to use the underlying asset for the lease term, and the lease liabilities represent iMentor's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. As of June 30, 2023, the weighted-average remaining lease term for iMentor's operating leases was 10.72 years. iMentor has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023 was 3.12%.

For the year ended June 30, 2023, total operating lease cost was \$1,238,408 and cash paid for operating leases was \$ 1,186,245. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b.

Future maturities of lease liabilities are presented in the following table:

Year ending:		
	June 30, 2024	\$ 1,197,230
	June 30, 2025	1,225,388
	June 30, 2026	1,292,608
	June 30, 2027	1,283,982
	June 30, 2028	1,283,982
	Thereafter	7,833,417
Total lease payments		<u>14,116,607</u>
Less present value discount		<u>(2,092,410)</u>
Total lease obligations		<u>\$ 12,024,197</u>

iMentor has a short-term lease for office space in Chicago that commenced January 2022 and runs through December 2022. This lease was renewed for an additional one-year term through December 2023. Additionally, iMentor leases storage space in the San Francisco Bay Area on a month-to-month basis. For the year ended June 30, 2023, short-term lease cost is \$50,096. Future short-term lease commitments amounted to \$26,016 as of June 30, 2023.

Additionally, iMentor subleases a portion of their New York City office space to a third party that commenced in August 2022 and runs through July 2023. Rental revenue under this lease falls under the scope of FASB ASC 842. For the year ended June 30, 2023, iMentor recognized gross sublease income of \$25,125.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 7 - Net Assets With Donor Restrictions

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

	<u>6/30/23</u>	<u>6/30/22</u>
Purpose restrictions:		
Strategic capital	\$ 5,679,543	\$ 6,076,392
Direct and national programs	6,095,454	6,695,616
Time restrictions	300,000	-
Total	<u>\$ 12,074,997</u>	<u>\$ 12,772,008</u>

Net assets with donor restrictions were available for the following:

	<u>6/30/23</u>	<u>6/30/22</u>
Purpose restrictions:		
Strategic capital	\$ -	\$ 5,679,543
Direct and national programs	5,249,152	4,695,191
Total purpose restrictions	<u>5,249,152</u>	<u>10,374,734</u>
Time restrictions	659,370	933,342
Total purpose and time restrictions	<u>5,908,522</u>	<u>11,308,076</u>
Endowment earnings	3,232,792	2,731,662
Endowment corpus	<u>3,901,000</u>	<u>3,901,000</u>
Total endowment	<u>7,133,792</u>	<u>6,632,662</u>
Total	<u>\$ 13,042,314</u>	<u>\$ 17,940,738</u>

Note 8 - Investments Held for Endowment

iMentor has an endowment fund that was established in June 2008. The interest and dividends from these investments can be used to support iMentor's general activities. Additionally, the endowment includes earnings from investment gains that have not been designated for specific use by the donor and have not yet been appropriated by the board of directors. These have been classified as with donor restrictions until appropriated for expenditure by the board.

Interpretation of Relevant Law

iMentor follows the New York Prudent Management of Institutional Funds Act ("NYPMIFA"), which the board of directors has interpreted to require certain amounts be retained permanently. Absent explicit donor stipulations to the contrary, iMentor will preserve the fair value of the original gift as of the gift date of all donor-restricted endowment funds. However, under certain circumstances, iMentor has the right to appropriate for expenditure the fair value of the original gift in a manner consistent with the standard of prudence specifically prescribed by NYPMIFA.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 8 - Investments Held for Endowment - Continued

As a result of this interpretation, iMentor classifies donor restricted net assets as (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Spending Policies

In accordance with NYPMIFA, iMentor considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of iMentor and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of iMentor;
7. The investment policies of iMentor;
8. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on iMentor.

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	June 30, 2023		
	Endowment Earnings	Endowment Corpus	Total
Endowment net assets, <i>beginning of year</i>	\$ 2,731,662	\$ 3,901,000	\$ 6,632,662
Realized and unrealized gain on investments	501,130	-	501,130
Endowment net assets, <i>end of year</i>	<u>\$ 3,232,792</u>	<u>\$ 3,901,000</u>	<u>\$ 7,133,792</u>
	June 30, 2022		
	Earnings	Corpus	Total
Endowment net assets, <i>beginning of year</i>	\$ 4,044,772	\$ 3,901,000	\$ 7,945,772
Realized and unrealized loss on investments	(1,313,110)	-	(1,313,110)
Endowment net assets, <i>end of year</i>	<u>\$ 2,731,662</u>	<u>\$ 3,901,000</u>	<u>\$ 6,632,662</u>

Endowment Investment Policies

iMentor has adopted an investment policy for endowment assets that relies on the accumulation of interest, dividends, and other market value gains for future appropriation.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 8 - Investments Held for Endowment - Continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NYPMIFA requires iMentor to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2023 or 2022.

Note 9 - Special Events

The special event proceeds for the year ended June 30, 2023 are summarized as follows:

Gross revenue	\$ 1,437,146
Less: expenses with a direct benefit to donor	<u>(248,230)</u>
	1,188,916
Less: other event expenses	<u>(112,874)</u>
Total	<u><u>\$ 1,076,042</u></u>

There was no special event held during the year ended June 30, 2022.

Note 10 - Paycheck Protection Program Loan

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

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

Note 11 - Commitments and Contingencies

iMentor maintains a revolving line of credit agreement with a financial institution; whereby, it is permitted to borrow a maximum of \$5,000,000 with an interest rate of approximately 3% plus the Secured Overnight Financing Rate determined by the CME Group Benchmark Administration (“SOFR”). The line of credit will expire on January 3, 2024. The line is collateralized against iMentor’s inventory, equipment, and receivables. The full amount of the line remains available as of June 30, 2023.

Note 12 - Related Party Transactions

During the years ended June 30, 2023 and 2022, donated legal services were performed by a law firm of which members of iMentor’s Regional Advisory Board are partners.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 13 - Risk and Uncertainties

iMentor has investments that are exposed to various risks such as interest rate, market, and credit risks. Changes in the value of investment securities may occur in the near term and such changes could affect the amounts reported in the statement of financial position.

iMentor is exposed to various risks of loss-related torts. Such risks include, but are not limited to theft, damage and/or destruction of assets, actions of employees, and natural disasters.

Note 14 - Retirement Plan

iMentor has a tax deferred annuity plan under IRS section 401(k) for employees that have completed 3 months of service and are at least 21 years of age. Under the plan, employees may opt to defer a portion of their gross pay, having that portion of pay be invested in accordance with applicable federal and state guidelines governing deferred compensation programs. iMentor provides a 4% employer match on employee contributions. During the years ended June 30, 2023, and 2022, iMentor contributed net of forfeitures to the plan, \$327,571 and \$287,793, respectively.

Note 15 - Liquidity and Availability of Financial Resources

Financial assets are available within one year of the date of the statement of financial position for general expenditure as follows:

Financial assets

Cash and cash equivalents	\$ 3,899,709	
Investments	12,833,254	
Contributions and grants receivable, net	<u>6,893,270</u>	
Total financial assets		\$ 23,626,233
Less amounts not available for general expenditure:		
Net assets with donor restrictions:		
Time restrictions due after one year		(659,370)
Purpose restrictions		<u>(5,249,152)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 17,717,711</u>

iMentor maintains endowment funds that are held in perpetuity. iMentor also maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, iMentor operates its programs within a board approved budget and relies on grants and earned income to fund its operations and program activities.

iMentor, Inc.

Notes to Financial Statements

June 30, 2023

Note 16 - Subsequent Events

Subsequent events have been evaluated through November 14, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.