



FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

THE CONCORD CONSORTIUM, INCORPORATED

Contents
September 30, 2022 and 2021

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Independent Auditor's Report

To the Board of Directors of
The Concord Consortium, Incorporated:

Opinion

We have audited the financial statements of The Concord Consortium, Incorporated (a Massachusetts corporation, not for profit) (the CC) which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of The Concord Consortium, Incorporated as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 the CC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the CC'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 GAAS 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CC'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, which raise substantial doubt about the CC'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.

AAFCPA, Inc.

Westborough, Massachusetts
December 14, 2022

THE CONCORD CONSORTIUM, INCORPORATEDStatements of Financial Position
September 30, 2022 and 2021

Assets	2022	2021
Current Assets:		
Cash and cash equivalents	\$ 1,089,084	\$ 852,579
Restricted cash	2,038,755	220,724
Grants receivable	1,257,019	830,740
Prepaid expenses	50,569	44,122
Total current assets	4,435,427	1,948,165
Deposits	38,544	38,544
Property and Equipment, net	-	1,856
Total assets	<u>\$ 4,473,971</u>	<u>\$ 1,988,565</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 230,845	\$ 352,692
Accrued expenses	600,438	552,688
Grant advances	440,783	-
Total current liabilities	1,272,066	905,380
Conditional Grant Advance (Note 9)	-	1,076,410
Total liabilities	<u>1,272,066</u>	<u>1,981,790</u>
Net Assets:		
Without donor restrictions:		
Operating	1,156,879	(222,076)
Development fund	6,271	6,271
Property and equipment	-	1,856
Total without donor restrictions	1,163,150	(213,949)
With donor restrictions	<u>2,038,755</u>	<u>220,724</u>
Total net assets	<u>3,201,905</u>	<u>6,775</u>
Total liabilities and net assets	<u>\$ 4,473,971</u>	<u>\$ 1,988,565</u>

THE CONCORD CONSORTIUM, INCORPORATEDStatements of Activities and Changes in Net Assets
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in Net Assets Without Donor Restrictions:		
Operating support and revenue:		
Grants	\$ 8,553,666	\$ 7,479,792
Contracts and other	935,725	490,628
In-kind services	250,331	360,143
Net assets released from purpose restrictions	<u>181,969</u>	<u>16,285</u>
Total operating support and revenue	<u>9,921,691</u>	<u>8,346,848</u>
Operating expenses:		
Program services	6,564,157	5,940,985
Management and general	<u>1,980,435</u>	<u>2,283,100</u>
Total operating expenses	<u>8,544,592</u>	<u>8,224,085</u>
Changes in net assets without donor restrictions	1,377,099	122,763
Changes in Net Assets With Donor Restrictions:		
Grants	2,000,000	-
Net assets released from purpose restrictions	<u>(181,969)</u>	<u>(16,285)</u>
Changes in net assets with donor restrictions	<u>1,818,031</u>	<u>(16,285)</u>
Changes in net assets	3,195,130	106,478
Net Assets:		
Beginning of year	<u>6,775</u>	<u>(99,703)</u>
End of year	<u>\$ 3,201,905</u>	<u>\$ 6,775</u>

THE CONCORD CONSORTIUM, INCORPORATED

Statements of Cash Flows

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 3,195,130	\$ 106,478
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,856	5,236
Changes in operating assets and liabilities:		
Grants receivable	(426,279)	(33,243)
Prepaid expenses	(6,447)	41,100
Accounts payable	(121,847)	102,779
Accrued expenses	47,750	174,909
Grant advances	440,783	-
Conditional grant advance	<u>(1,076,410)</u>	<u>4,731</u>
Net cash provided by operating activities	2,054,536	401,990
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	<u>1,073,303</u>	<u>671,313</u>
End of year	<u><u>\$ 3,127,839</u></u>	<u><u>\$ 1,073,303</u></u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and cash equivalents	\$ 1,089,084	\$ 852,579
Restricted cash	<u>2,038,755</u>	<u>220,724</u>
Total cash, cash equivalents and restricted cash	<u><u>\$ 3,127,839</u></u>	<u><u>\$ 1,073,303</u></u>

THE CONCORD CONSORTIUM, INCORPORATED

Statements of Functional Expenses
For the Years Ended September 30, 2022 and 2021

	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Related Costs:						
Salaries	\$ 3,129,157	\$ 1,065,203	\$ 4,194,360	\$ 3,042,257	\$ 1,048,568	\$ 4,090,825
Payroll taxes and fringe benefits	967,268	332,219	1,299,487	779,348	494,315	1,273,663
Total salaries and related costs	4,096,425	1,397,422	5,493,847	3,821,605	1,542,883	5,364,488
Other:						
Subcontractors	943,667	-	943,667	1,038,203	-	1,038,203
Consultants	698,844	43,827	742,671	480,816	32,022	512,838
Technology, equipment and maintenance	370,518	112,065	482,583	239,948	146,155	386,103
Occupancy	260,135	83,342	343,477	223,813	129,542	353,355
In-kind services	-	250,331	250,331	-	360,143	360,143
Participant support	84,962	-	84,962	31,555	-	31,555
Professional fees	-	39,545	39,545	-	41,336	41,336
Supplies	15,226	22,326	37,552	16,700	773	17,473
Travel	33,361	1,336	34,697	33,878	-	33,878
Printing, copying and postage	23,831	3,426	27,257	17,726	5,245	22,971
Other expenses	18,856	2,124	20,980	12,601	2,158	14,759
Insurance	-	18,091	18,091	-	13,756	13,756
Telephone	8,222	2,704	10,926	11,062	6,579	17,641
Meeting and conferences	4,848	1,279	6,127	4,936	361	5,297
Dues and subscriptions	3,406	2,617	6,023	2,906	2,147	5,053
Total other expenses	2,465,876	583,013	3,048,889	2,114,144	740,217	2,854,361
Depreciation	1,856	-	1,856	5,236	-	5,236
Total operating expenses	\$ 6,564,157	\$ 1,980,435	\$ 8,544,592	\$ 5,940,985	\$ 2,283,100	\$ 8,224,085

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2022 and 2021

1. OPERATIONS AND NONPROFIT STATUS

The Concord Consortium, Incorporated (the CC) was founded in 1994 as a private, not-for-profit organization engaged in education research and development primarily in mathematics and science. The CC's mission is to stimulate large-scale, technology-based improvements in teaching and learning. The CC operates from offices in Concord, Massachusetts and Emeryville, California.

The CC is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The CC is also exempt from state income taxes. Contributions made to the CC are deductible by donors within the IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

The CC prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Cash, Cash Equivalents and Restricted Cash

For the purpose of the statements of cash flows, management considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Restricted cash represents donor restricted cash.

Accounting Principle Adoption

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 is intended to increase the transparency of contributed nonfinancial assets (in-kind goods and services) for not-for-profit entities through enhancements to presentation and disclosure. The amendments in this ASU do not change the recognition and measurement requirements of in-kind goods and services. During fiscal year 2022, the CC adopted ASU 2020-07. The adoption of this ASU did not impact the CC's net asset classes, changes in net assets, or cash flows for the year ended June 30, 2022. This ASU has been applied retrospectively to all periods presented.

Fair Value Measurements

The CC follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the CC would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The CC uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the CC. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

The three-tier hierarchy of inputs is as follows:

- Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2: Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3: Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All of the CC's qualifying assets and liabilities are valued using Level 1 inputs.

Revenue Recognition

Grants and Contributions

In accordance with ASC Subtopic 958-605, *Revenue Recognition* (Topic 958), the CC must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists (see Note 4). Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the CC should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

The CC's revenue is principally derived from research sponsored by the U.S. Government, foundations, and other private institutions. The terms of these research grants and contracts generally require the CC to provide progress and final reports to the grantor and to satisfy other specific terms and conditions related to the research. Grants and contracts revenue is recognized as project expenses are incurred, including applicable indirect costs which are based primarily on negotiated indirect cost recovery rates based on prior-year actual costs.

The majority of funds received are cost reimbursable contracts. Allowable indirect expenses are charged to grants and contracts as a percentage of direct costs expended on the projects. Grants and contracts revenue are recognized as costs are incurred. Expenditures in excess of funds received on projects are shown as grants and contracts receivable in the accompanying financial statements. Project expenses in excess of grant income are recognized when incurred and identified. Grant and contract funding received in advance or in excess of the related project expenses is recorded as a grant advance liability.

Grants and contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or as time restrictions or program restrictions have lapsed. Donor-restricted grants received and satisfied in the same period are included in revenue and net assets without donor restrictions.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contracts with Customers

The CC generally measures revenue for qualifying exchange transactions based on the amount of consideration the CC expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the CC satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The CC evaluates its revenue contracts with customers based on the five-step model under ASC Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

The CC is contracted to provide research, educational, and data processing services to various customers. The CC recognizes revenue either at a point in time upon submission of final deliverables or over the contract period as expenses are incurred. Performance obligations are determined based on the nature of the services provided by the CC, and the transaction price is determined based on prospectively determined rates as defined in the contracts. The CC recognized revenue totaling \$739,727 and \$480,004 for the years ended September 30, 2022 and 2021, respectively, under ASC Topic 606, which is included in contract and other revenue in the accompanying statements of activities and changes in net assets.

The CC also sells a software it developed and recognizes revenue at a point in time as individual customers purchase and download the software online. The transaction price is pre-determined and listed on a third-party's website. The CC did not have any recognized revenue related to their software for the year ended September 30, 2022. The CC recognized revenue totaling \$445 for the year ended September 30, 2021, related to their software. This amount is included in contract and other revenue in the accompanying statements of activities and changes in net assets.

The following table presents a disaggregation of the CC's contract revenue with customers, by type, for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Recognized over time	\$ 739,727	\$ 480,004
Recognized at a point in time	<u>-</u>	<u>445</u>
	<u>\$ 739,727</u>	<u>\$ 480,449</u>

All other income is recognized as revenue when earned.

Expense Allocation and Classifications

Expenses related directly to a program are distributed to that program, while other expenses are allocated to programs based upon management's estimate of the percentage attributable to each function.

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are salaries and related expenses which are allocated on the basis of estimates of percentages of time and effort attributable to each function; and occupancy costs and telephone, which are allocated based on the use of full-time-equivalent (FTE) positions.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the CC. The CC has grouped its net assets without donor restrictions into the following categories:

- **Operating** represent amounts that are currently available for operations.
- **Development fund** represents surplus amounts which have been designated for specific internal projects that are likely to increase the CC's future income and public exposure. During fiscal year 2022 and 2021, no amount has been spent from these funds.
- **Property and equipment** represent the net book value of the CC's property and equipment.

Net assets with donor restrictions consist of donor-restricted grants designated for a specific purpose or for future periods. These amounts are recorded as net assets with donor restrictions until they are expended for their designated purpose or until the time restrictions expire. Net assets with donor restrictions at September 30, 2022 and 2021, are purpose restricted.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is recorded based on management's analysis of specific grants and contracts that may be uncollectible, if any. As of September 30, 2022 and 2021, there was no allowance for doubtful accounts.

Property and Equipment

Property and equipment with a cost exceeding \$5,000 and furniture and fixtures exceeding \$1,000 and a useful life greater than one year, are capitalized at cost when purchased or at fair value at the date of donation. Renewals and betterments are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as incurred.

Income Taxes

The CC accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The CC has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2022 and 2021. The CC's information returns are subject to examination by the Federal and state jurisdictions.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2022 and 2021

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Services

In-kind services are recognized as contributions, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the CC. These services are based upon the estimated fair value assigned to them by the donating individuals, organizations or by management. In-kind services do not have donor-imposed restrictions and are recognized as both support and expense. These services are reflected in the accompanying financial statements based upon the estimated value assigned to them by the donating company.

The estimated fair value of these contributions of nonfinancial assets (in-kind services) was as follows for the years September 30:

	<u>2022</u>	<u>2021</u>
Google AdWords	\$ 233,606	\$ 354,693
Legal	<u>16,725</u>	<u>5,450</u>
Total	<u>\$ 250,331</u>	<u>\$ 360,143</u>

Subsequent Events

Subsequent events have been evaluated through December 14, 2022, which is the date the financial statements were available to be issued. There were no events which met the criteria for recognition or disclosure in the financial statements.

3. RELATED PARTY TRANSACTIONS

Members of the CC's Board of Directors complete conflict of interest statements annually and any related party transactions are reviewed by the Board of Directors to ensure they are in the normal course of business. During fiscal years 2022 and 2021, the CC did not engage in any business transactions with members of the Board of Directors.

From time-to-time, the CC engages the relatives of employees to perform certain contract work. Payments to consultants who are related to employees totaled \$91,292 for the year ended September 30, 2022. No such transactions occurred during the year ended September 30, 2021.

4. GRANTS AND CONTRACTS

The CC received a significant portion of its total grants and contracts revenue without donor restrictions (approximately 72% and 80% for the years ended September 30, 2022 and 2021, respectively) from the National Science Foundation (NSF) under cost reimbursable grants. These reimbursements are subject to audit by NSF. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the CC as of September 30, 2022 and 2021, or on the changes in its net assets for the years then ended.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2022 and 2021

4. GRANTS AND CONTRACTS (Continued)

The CC has the following concentrations within grants receivable at September 30:

	2022		2021	
	<u>Amount</u>	<u>Ratio</u>	<u>Amount</u>	<u>Ratio</u>
NSF - Direct funding	\$ 480,104	40%	\$ 569,769	69%
Science and Engineering Education for Infrastructure Transformation	\$ 124,406	10%	\$ -	- %
Michigan State University	\$ 121,332	10%	\$ 134,225	16%

The CC has been awarded multiple conditional commitments from NSF for future periods, which contain funder-imposed conditions that represent a barrier that must be overcome, as well as a release from obligations. The CC recognizes related revenue from these government contracts when funder-imposed conditions are substantially met (see Note 2). The funder-imposed conditions for these commitments include the requirement for the CC to incur allowable costs. These commitments are not included in the accompanying financial statements. Amounts conditionally committed by NSF, but not recognized as of September 30, 2022 and 2021, totaled \$17,609,917 and \$17,031,007, respectively.

5. CONCENTRATIONS OF CREDIT RISK

The CC maintains cash balances in various banks. The Federal Deposit Insurance Corporation (FDIC) insures balances at each bank up to certain amounts. At certain times during the year, cash balances exceeded the insured amounts. The CC has not experienced any losses in such accounts. The CC believes it is not exposed to any significant credit risk on its cash.

6. PROPERTY AND EQUIPMENT

Property and equipment are depreciated using the straight-line method over the following estimated useful lives and consist of the following as of September 30:

	<u>Estimated Useful Lives</u>	<u>2022</u>	<u>2021</u>
Equipment	3 - 5 years	\$ 101,296	\$ 101,296
Leasehold improvements (see Note 7)	Life of Lease (2 - 3 years)	50,865	50,865
Furniture	5 years	<u>7,145</u>	<u>16,145</u>
		159,306	168,306
Less - accumulated depreciation		<u>159,306</u>	<u>166,450</u>
		<u>\$ -</u>	<u>\$ 1,856</u>

7. LEASE AGREEMENTS

The CC leases space under various operating leases, which expire through December 2025. Rent expense under the facility leases was \$303,417 and \$301,960 for the years ended September 30, 2022 and 2021, respectively, and is included in occupancy in the accompanying statements of functional expenses.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2022 and 2021

7. LEASE AGREEMENTS (Continued)

The future minimum lease payments are as follows:

<u>Year Ending</u> <u>September 30</u>	
2023	\$ 230,724
2024	177,004
2025	<u>182,274</u>
Total	<u>\$ 590,002</u>

8. NOTE PAYABLE TO A BANK

The CC has a line of credit agreement which allows for borrowings up to \$750,000. Borrowings under the agreement are due on demand and interest is payable monthly at the bank's prime rate, but not less than 5%. Borrowings on the line of credit are secured by all business assets of the CC. As of September 30, 2022 and 2021, there were no outstanding balances under this agreement.

9. CONDITIONAL GRANT ADVANCE

The CC applied for, and was awarded, a second draw of \$1,076,410 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid Relief, and Economic Security (CARES) Act through a bank. The funds were used to pay certain payroll costs, including benefits, as well as rent and utilities during a covered period as defined in the CARES Act. A portion of these funds would be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds would be due over a five-year period with interest at 1%. Any repayment was deferred for a period of ten months from the end of the covered period, when the note, plus interest, would be due in equal monthly payments through the maturity date as defined by the loan agreement. The forgiveness calculations are subject to review and approval by the lending bank and the Small Business Administration (SBA).

The CC believed there was a high probability this loan would be forgiven, and therefore, accounted for it as a conditional grant under ASC Topic 958. It was determined that this grant was conditional upon certain performance requirements, including the incurrence of eligible expenses and the forgiveness application. Amounts received were recognized as revenue when the CC has incurred expenditures in compliance with the loan application and CARES Act requirements. In the opinion of management, these conditions were not substantially met as of September 30, 2021, and therefore, the conditional grant advance was shown as a liability in the accompanying September 30, 2021 statement of financial position. The CC did not accrue interest on the PPP award as of September 30, 2021, since the CC expected the interest to be forgiven.

As of September 30, 2022, the CC received full forgiveness of the loan and recognized \$1,076,410 as grant revenue during fiscal year 2022.

THE CONCORD CONSORTIUM, INCORPORATED

Notes to Financial Statements
September 30, 2022 and 2021

10. RETIREMENT PLAN

The CC offers a TIAA-CREF 403(b) Retirement Plan. Each eligible employee who works at least four hours per week each month receives a retirement contribution from the CC of at least 5% of their monthly salary, starting the first day of employment. The CC does not make contributions for temporary and student employees. All contributions are immediately vested. At its discretion, the CC makes contributions larger than 5% of each eligible employee's salary. In fiscal years 2022 and 2021, the CC contributed 10% of each eligible employee's salary. The CC's contribution for the years ended September 30, 2022 and 2021, was \$419,375 and \$413,869, respectively, and is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The CC's financial assets available within one year from the statements of financial position date for general operating expenses are as follows at September 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,089,084	\$ 852,579
Grants receivable	<u>1,257,019</u>	<u>830,740</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,346,103</u>	<u>\$ 1,683,319</u>

The CC's financial assets are available for use to cover its obligations as they become due. As of September 30, 2022 and 2021, the CC has financial assets equal to approximately three and a half and two and a half months of operating expenses, respectively (excluding in-kind services and depreciation). In addition, the CC has a line of credit agreement (see Note 8) which allows for borrowings up to \$750,000.