

**The New York Opportunity Network, Inc.
d/b/a The Opportunity Network**

Audited Financial Statements

August 31, 2023

**The New York Opportunity Network, Inc.
d/b/a The Opportunity Network**

Audited Financial Statements

August 31, 2023

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Independent Auditor's Report

To the Board of Directors of
The New York Opportunity Network, Inc. d/b/a The Opportunity Network

Opinion

We have audited the accompanying financial statements of The New York Opportunity Network, Inc. d/b/a The Opportunity Network, which comprise the statement of financial position as of August 31, 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 The Opportunity Network as of August 31, 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 The Opportunity Network 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 The Opportunity Network'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.

In performing an audit in accordance with GAAS, 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 Opportunity Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Opportunity Network'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 The Opportunity Network's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 6, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived

Sax CPAs LLP

New York, NY
August 19, 2024

**The New York Opportunity Network, Inc.
d/b/a The Opportunity Network**

Statement of Financial Position

At August 31, 2023
(With comparative totals at August 31, 2022)

	August 31,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,875,819	\$ 3,477,153
Contributions receivable, net	3,418,050	3,849,553
Prepaid expenses and other assets	560,661	442,311
Investment annuity contracts	1,092,376	1,051,158
Property and equipment, net	66,681	73,939
Operating lease right-of-use asset	1,278,030	-
Security deposit	28,000	28,000
TOTAL ASSETS	\$ 9,319,617	\$ 8,922,114
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 465,318	\$ 257,377
Deferred revenue	65,250	24,000
Operating lease liability	1,278,030	-
Total liabilities	1,808,598	281,377
NET ASSETS		
Without donor restrictions	2,658,191	3,319,270
With donor restrictions	4,852,828	5,321,467
Total net assets	7,511,019	8,640,737
TOTAL LIABILITIES AND NET ASSETS	\$ 9,319,617	\$ 8,922,114

The attached notes and auditor's report are an integral part of these financial statements.

**The New York Opportunity Network, Inc.
d/b/a The Opportunity Network**

Statement of Activities

For the Year Ended August 31, 2023
(With comparative totals for the year ended August 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 8/31/23	Total 8/31/22
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 2,080,364	\$ 4,152,100	\$ 6,232,464	\$ 5,500,007
Paycheck Protection Program grant	-	-	-	886,792
Special events income (net of expenses with a direct benefit to donor)	3,758,249	-	3,758,249	3,317,097
Program income	824,849	-	824,849	628,000
In-kind contributions	292,230	-	292,230	653,914
Interest and other income	48,426	-	48,426	30,779
Net assets released from restrictions	4,620,739	(4,620,739)	-	-
Total public support and revenue	<u>11,624,857</u>	<u>(468,639)</u>	<u>11,156,218</u>	<u>11,016,589</u>
EXPENSES				
Program services	8,858,246	-	8,858,246	7,112,888
Supporting services:				
Management and general	1,479,766	-	1,479,766	1,866,872
Fundraising	1,989,142	-	1,989,142	1,483,053
Total supporting services	<u>3,468,908</u>	<u>-</u>	<u>3,468,908</u>	<u>3,349,925</u>
Total expenses	<u>12,327,154</u>	<u>-</u>	<u>12,327,154</u>	<u>10,462,813</u>
Change in net assets from operations	<u>(702,297)</u>	<u>(468,639)</u>	<u>(1,170,936)</u>	<u>553,776</u>
NON-OPERATING ACTIVITIES				
Change in cash surrender value of annuity contract	41,218	-	41,218	40,074
Total non-operating activities	<u>41,218</u>	<u>-</u>	<u>41,218</u>	<u>40,074</u>
Change in net assets	(661,079)	(468,639)	(1,129,718)	593,850
NET ASSETS, <i>beginning of year</i>	<u>3,319,270</u>	<u>5,321,467</u>	<u>8,640,737</u>	<u>8,046,887</u>
NET ASSETS, <i>end of year</i>	<u>\$ 2,658,191</u>	<u>\$ 4,852,828</u>	<u>\$ 7,511,019</u>	<u>\$ 8,640,737</u>

The attached notes and auditor's report are an integral part of these financial statements.

**The New York Opportunity Network, Inc.
d/b/a The Opportunity Network**

Statement of Functional Expenses

For the Year Ended August 31, 2023
(With comparative totals for the year ended August 31, 2022)

	Program Services			Supporting Services				
	Career Fluency Partnerships & Opplnited			Management and General			Total Expenses 8/31/23	Total Expenses 8/31/22
	OppNet Fellows	Total Program Services		Fundraising	Total Supporting Services			
Salaries	\$ 3,673,008	\$ 1,274,425	\$ 4,947,433	\$ 636,492	\$ 912,536	\$ 1,549,028	\$ 6,496,461	\$ 5,395,950
Payroll taxes and benefits	907,265	314,794	1,222,059	157,219	225,405	382,624	1,604,683	1,178,901
Professional fees	691,626	50,115	741,741	233,061	220,087	453,148	1,194,889	1,131,584
Student stipends	-	-	-	-	-	-	-	103,692
Student activities (including in-kind)	953,542	-	953,542	-	-	-	953,542	967,968
Communications and public relations	-	-	-	7,419	-	7,419	7,419	320
Special event expenses (including in-kind)	-	-	-	-	830,027	830,027	830,027	445,822
Rent expense	224,718	72,079	296,797	46,640	80,559	127,199	423,996	416,000
Travel, meetings, and conferences	48,692	34,680	83,372	14,869	20,500	35,369	118,741	53,555
Supplies and office expenses	105,692	19,634	125,326	78,727	21,077	99,804	225,130	208,150
Dues and filing fees	9,863	910	10,773	40,846	6,964	47,810	58,583	131,115
Equipment and software subscriptions	365,447	25,130	390,577	57,401	33,324	90,725	481,302	303,965
Insurance	18,163	5,826	23,989	3,770	6,511	10,281	34,270	27,195
Staff development and recruitment	28,115	423	28,538	137,643	2,677	140,320	168,858	240,116
Bank and credit card processing fees	-	-	-	49,656	-	49,656	49,656	35,392
Bad debt	-	-	-	10,665	-	10,665	10,665	5,000
Depreciation	25,818	8,281	34,099	5,358	9,256	14,614	48,713	37,096
Total expenses	7,051,949	1,806,297	8,858,246	1,479,766	2,368,923	3,848,689	12,706,935	10,681,821
Less: special event expenses with a direct benefit to donor	-	-	-	-	(379,781)	(379,781)	(379,781)	(219,008)
Total expenses for statement of activities	\$ 7,051,949	\$ 1,806,297	\$ 8,858,246	\$ 1,479,766	\$ 1,989,142	\$ 3,468,908	\$ 12,327,154	\$ 10,462,813

The attached notes and auditor's report are an integral part of these financial statements.

**The New York Opportunity Network, Inc.
d/b/a The Opportunity Network**

Statement of Cash Flows

For the Year Ended August 31, 2023
(With comparative totals for the year ended August 31, 2022)

	August 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,129,718)	\$ 593,850
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	48,713	37,096
Change in cash surrender value of annuity contract	(41,218)	(40,074)
Forgiveness of Paycheck Protection Program loan	-	(886,792)
Changes in assets and liabilities:		
Contributions receivable	431,503	(320,448)
Program income and other receivables	-	14,380
Prepaid expenses and other assets	(118,350)	(199,543)
Accounts payable and accrued expenses	207,941	109,538
Deferred revenue	41,250	(23,334)
Total adjustments	<u>569,839</u>	<u>(1,309,177)</u>
Net cash flows used for operating activities	<u>(559,879)</u>	<u>(715,327)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(41,455)</u>	<u>(52,511)</u>
Net cash flows used for investing activities	<u>(41,455)</u>	<u>(52,511)</u>
Net decrease in cash and cash equivalents	(601,334)	(767,838)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>3,477,153</u>	<u>4,244,991</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 2,875,819</u>	<u>\$ 3,477,153</u>
SUPPLEMENTAL INFORMATION		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ -</u>	<u>\$ -</u>

The attached notes and auditor's report are an integral part of these financial statements.

The New York Opportunity Network, Inc. d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

Note 1 - Organization

The New York Opportunity Network, Inc. d/b/a The Opportunity Network is a New York not-for-profit corporation whose primary purpose is to develop future leaders by introducing talented, low-income high school students to college access and career development opportunities through relationships with professionals and private sector organizations. The Opportunity Network firmly believes that the students' unique interaction with executives, intensive network training, course work in careers, robust internships, and college counseling, can and do, change the course of their futures. The Opportunity Network's revenue is primarily from contributions and program service income.

The Opportunity Network accomplishes its mission through the following programs:

- **OppNet Fellows** - The OppNet Fellows program is an intensive six-year experience for students beginning the summer after 10th grade that cultivates their passions and skills to persist through college and launch the careers of their choice upon graduation.

Anchored in our proprietary Career Fluency® curriculum, which articulates the necessary skills and mindsets for college and career readiness, OppNet's Fellows program integrates individualized college guidance, robust networking opportunities for professional and personal growth, multi-industry career exposure, experiential learning for college success, and five summers of skill-building paid internships and enrichment programs.
- **Career Fluency Partnerships and Opplgnited** - This program is an immersive capacity-building program for schools and youth-serving organizations across the country looking to accelerate postsecondary and workforce readiness for their students. Through tailored integration of the Career Fluency® curriculum, the Partnerships team designs a unique strategy for each Partner organization to reach their desired goals and amplify student outcomes.

The Opportunity Network 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).

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting and Presentation

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

The Opportunity Network reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Net Assets without Donor Restrictions* - represents all 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.

The New York Opportunity Network, Inc. d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

Note 2 - Summary of Significant Accounting Policies - Continued

b. Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Codification ("ASC") Topic 842, *Leases*. The Opportunity Network adopted this standard effective September 1, 2022. The ASU requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right-to-use asset" on the statement of financial position. The Opportunity Network elected transition relief that allows entities in the period of adoption to present the prior 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, The Opportunity Network recognized a right-of-use ("ROU") asset and lease liability of \$1,278,030 for its operating lease extension that commenced on August 31, 2023.

c. Revenue Recognition

The Opportunity Network follows the requirements of FASB ASC 958-605 for recording contributions, which are recognized at the time a contribution becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. 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. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments or release from obligations and are recognized as income once the conditions have been substantially met. Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value, using risk-adjusted present value techniques.

The Opportunity Network follows the requirements of FASB ASC 606 for recognizing revenue from contracts with customers. The Opportunity Network receives program income for providing intern training, networking, and professional development workshops, which falls under FASB ASC 606 and is included in the statement of activities. Revenue from training and workshops is recognized when at the point in time that the service is provided, and the performance obligation is complete. Fees that have not been collected at year end are reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

Receivables are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts exists as of August 31, 2023. Write-offs will be made in the period the receivable is deemed to be uncollectable.

d. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to The Opportunity Network's ongoing services. Nonoperating activities are limited to the change in the cash surrender value of The Opportunity Network's investment in an annuity contract.

The New York Opportunity Network, Inc. d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

Note 2 - Significant Accounting Policies - Continued

e. Cash and Cash Equivalents

All liquid investments with an initial maturity of three months or less are considered to be cash and cash equivalents.

f. Concentration of Credit Risk

Financial instruments, which potentially subject The Opportunity Network to a concentration of credit risk consist of cash accounts with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year end, a significant portion of the funds is not insured by the Federal Deposit Insurance Corporation ("FDIC") or related entity; however, management feels they have little risk and has not suffered losses from the default of any financial institution.

g. Property and Equipment

Property and equipment that The Opportunity Network retains title to, exceeds a dollar threshold of \$1,000 and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation. Depreciation is recorded using the straight-line method over the assets estimated useful life.

Computers and equipment are depreciated over three years and leasehold improvements are amortized over the life of the lease.

h. Leases

In February 2016, FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statement of financial position as a ROU asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Opportunity Network adopted Topic 842 on September 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, The Opportunity Network has applied Topic 842 to reporting periods beginning on September 1, 2022, while prior periods continue to be reported and disclosed in accordance with The Opportunity Network's historical accounting treatment under ASC Topic 840, *Leases*.

The Opportunity Network elected the "package of practical expedients" under the transition guidance within Topic 842, in which The Opportunity Network does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Opportunity Network has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on September 1, 2022.

The New York Opportunity Network, Inc.

d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

Note 2 - Significant Accounting Policies - Continued

h. Leases - continued

The Opportunity Network determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) The Opportunity Network obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Opportunity Network also considers whether its service arrangements include the right to control the use of an asset.

The Opportunity Network made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or September 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, The Opportunity Network made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Opportunity Network has made an accounting policy election to account for lease and nonlease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The nonlease components typically represent additional services transferred to The Opportunity Network, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to The Opportunity Network's operating lease extension of approximately \$1,278,030 at its commencement on August 31, 2023. The adoption of the new lease standard did not materially impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

i. In-kind Contributions

In-kind contributions are recognized in circumstances where 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. Donated materials are recorded at fair value at the date of donation. Accounting standards define fair value as the price that would be received to sell an asset in an orderly transaction between participants at the measurement date.

The New York Opportunity Network, Inc. d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

Note 2 - Significant Accounting Policies - Continued

i. In-kind Contributions - Continued

Board members and other individuals volunteer their time and perform a variety of services that assist The Opportunity Network. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

j. Management 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.

k. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of The Opportunity Network.

Salaries were allocated based on time and effort. Payroll taxes and benefits were allocated using salaries as the basis.

The following costs were allocated based on usage by square foot:

- Rent expense
- Insurance
- Depreciation

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

l. Advertising Costs

Advertising costs are expensed as incurred.

m. 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 Opportunity Network's financial statements for the year ended August 31, 2022, from which the summarized information was derived.

The New York Opportunity Network, Inc. d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

Note 2 - Significant Accounting Policies - Continued

n. Accounting for Uncertainty of Income Taxes

Management does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending August 31, 2020 and later are subject to examination by applicable taxing authorities.

Note 3 - Contributions Receivable

Contributions receivable are expected to be collected in the following periods:

Year ending:

August 31, 2024	\$ 2,817,116
August 31, 2025	608,334
August 31, 2026	50,000
Total	<u>3,475,450</u>
Less: present value discount (4.5%)	<u>(57,400)</u>
Total contributions receivable	<u><u>\$ 3,418,050</u></u>

Note 4 - Investments in Annuity Contract

The Opportunity Network holds an annuity contract, where they are the primary beneficiary of 100% of the policy as a death benefit if the annuitant (the "Founder") dies prior to the annuity date. The contract is reported as an asset on the statement of financial position at its cash surrender value, which was \$1,092,376 as of August 31, 2023 and \$1,051,158 as of August 31, 2022.

Note 5 - Property and Equipment

Property and equipment consist of the following:

	August 31,	
	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 391,527	\$ 391,527
Computer and equipment	240,760	199,305
	<u>632,287</u>	<u>590,832</u>
Less: accumulated depreciation	(565,606)	(516,893)
Total property and equipment, net	<u><u>\$ 66,681</u></u>	<u><u>\$ 73,939</u></u>

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

The Opportunity Network evaluated current contracts to determine which met the criteria of a lease. The Opportunity Network leases office space in New York, NY under a non-cancelable lease which expired on August 31, 2023 and was extended to August 31, 2026 during the year. This has been determined to be an operating lease.

The New York Opportunity Network, Inc. d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

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

The ROU assets represent The Opportunity Network's right to use the underlying asset for the lease term, and the lease liabilities represent The Opportunity Network'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. The Opportunity Network 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 August 31, 2023 is 3.54%. The weighted average lease term as of August 31, 2023 is three years.

For the years ended August 31, 2023 and 2022, total operating lease cost was \$388,731 and \$395,123, respectively. There were no short-term lease costs during the years ended August 31, 2023 and 2022.

Cash paid for operating leases for the years ended August 31, 2023 and 2022 was \$424,000 and \$416,000, respectively. There were no noncash investing and financing transactions related to leasing.

The future minimum lease payments under the operating lease as of August 31, 2023 are as follows:

Year ending:

August 31, 2024	\$ 447,200
August 31, 2025	455,200
August 31, 2026	463,200
	1,365,600
Less: present value discount	(87,570)
Total lease liability	\$ 1,278,030

Note 7 - Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

	August 31, 2023			
	Balance 9/1/22	Contributions	Released from Restrictions	Balance 8/31/23
Program restrictions:				
Fellows Program	\$ 3,617,331	\$ 1,405,000	\$ (2,563,230)	\$ 2,459,101
Capacity Building	297,246	-	(297,246)	-
Other	23,702	1,062,000	(375,043)	710,659
Total program restrictions	3,938,279	2,467,000	(3,235,519)	3,169,760
Time restrictions	1,383,188	1,685,100	(1,385,220)	1,683,068
Total	\$ 5,321,467	\$ 4,152,100	\$ (4,620,739)	\$ 4,852,828

The New York Opportunity Network, Inc.
d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

Note 7 - Net Assets with Donor Restrictions - Continued

	August 31, 2022			
	Balance 9/1/21	Contributions	Released from Restrictions	Balance 8/31/22
Program restrictions:				
Fellows Program	\$ 2,674,948	\$ 3,075,050	\$ (2,132,667)	\$ 3,617,331
Capacity Building	430,712	50,000	(183,466)	297,246
Other	229,618	50,000	(255,916)	23,702
Total program restrictions	3,335,278	3,175,050	(2,572,049)	3,938,279
Time restrictions	2,175,658	611,000	(1,403,470)	1,383,188
Total	<u>\$ 5,510,936</u>	<u>\$ 3,786,050</u>	<u>\$ (3,975,519)</u>	<u>\$ 5,321,467</u>

Note 8 - Paycheck Protection Program Loan

During the year ended August 31, 2021, The Opportunity Network obtained a loan of \$886,792 from the Small Business Administration ("SBA") through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces 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.

The Opportunity Network accounted for the PPP loan in accordance with FASB ASC 958-605 as a conditional contribution. During the year ended August 31, 2022, The Opportunity Network met all conditions for forgiveness and recognized the loan as revenue. In addition, The Opportunity Network was notified that full forgiveness was approved by the SBA.

Note 9 - Special Events

A summary of special events activity from the annual benefit and other events is as follows:

	August 31,	
	2023	2022
Gross revenue	\$ 4,138,030	\$ 3,536,105
Less: expenses with a direct benefit to donor	<u>(379,781)</u>	<u>(219,008)</u>
	3,758,249	3,317,097
Less: other event expenses	<u>(450,246)</u>	<u>(226,814)</u>
Net proceeds from events	<u>\$ 3,308,003</u>	<u>\$ 3,090,283</u>

The New York Opportunity Network, Inc. d/b/a The Opportunity Network

Notes to Financial Statements

August 31, 2023

Note 10 - In-Kind Contributions

In-kind contributions have been allocated as follows:

	August 31, 2023			
	Programs	Management and General	Fundraising	Total
Student activities	\$ 152,133	\$ -	\$ -	\$ 152,133
Special event expenses	-	-	140,097	140,097
Total	<u>\$ 152,133</u>	<u>\$ -</u>	<u>\$ 140,097</u>	<u>\$ 292,230</u>

	August 31, 2022			
	Programs	Management and General	Fundraising	Total
Professional fees	\$ -	\$ 307,500	\$ -	\$ 307,500
Student activities	77,414	-	-	77,414
Dues and filing fees	114,000	-	-	114,000
Staff development and recruitment	-	100,000	-	100,000
Equipment and software subscriptions	-	55,000	-	55,000
Total	<u>\$ 191,414</u>	<u>\$ 462,500</u>	<u>\$ -</u>	<u>\$ 653,914</u>

These valuations are based on fair market value on the basis of recent comparable prices for similar goods and services in the New York City metropolitan area. There are no associated donor restrictions

Note 11 - Retirement Plan

The Opportunity Network administers a retirement plan under section 401(k) of the Internal Revenue Code. The plan offers employees an opportunity to contribute pre-tax dollars up to statutory limits. All full-time employees who have been working for at least one year are eligible. The employer match was \$132,000 in 2023 and \$56,000 in 2022, and these contributions are vested upon three years of service.

Note 12 - Availability and Liquidity

The Opportunity Network 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, The Opportunity Network operates its programs within a board approved budget and relies on contributions and program income to fund its operations and program activities.

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Notes to Financial Statements

August 31, 2023

Note 12 - Availability and Liquidity - Continued

The following reflects The Opportunity Network's financial assets at August 31, 2023 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:

Cash and cash equivalents	\$ 2,875,819
Contributions receivable due within one year	<u>2,817,116</u>

Total financial assets	\$ 5,692,935
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Less amounts not available for general expenditures:

Donor contributions restricted to specific purposes	<u>(3,169,760)</u>
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Financial assets available to meet cash needs for
general expenditures within one year

<u><u>\$ 2,523,175</u></u>

Note 13 - Subsequent Events

Subsequent events have been evaluated through August 19, 2024, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment or disclosure to the financial statements.