

**THE TRAVELING SCHOOL**  
**AUDITED FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

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**THE TRAVELING SCHOOL**

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## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors  
The Traveling School  
Bozeman, MT**

### **Opinion**

We have audited the accompanying financial statements of The Traveling School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Traveling School as of June 30, 2021 and 2020, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Traveling School and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Traveling School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



## **Auditors' Responsibilities for the Audit of the Financial Statements (Continued)**

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 The Traveling School'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 Traveling School'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.

*Amatics CPA Group*  
Bozeman, Montana  
October 20, 2021

**THE TRAVELING SCHOOL  
STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 927,019	\$ 701,561
Accounts receivable	3,125	7,975
Other receivables	42,499	-
Prepaid expenses	28,196	-
Total current assets	1,000,839	709,536
<b>FIXED ASSETS</b>		
Computers and software	4,061	4,061
Field equipment	1,330	1,330
Office equipment	3,901	3,901
Website	6,000	6,000
Less: accumulated depreciation	(10,012)	(8,008)
Total fixed assets	5,280	7,284
Total assets	\$ 1,006,119	\$ 716,820

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5,004	\$ 25,000
Payroll liabilities	11,113	16,049
Accrued leave payable	16,763	16,808
Credit cards payable	1,582	1,558
Deferred tuition revenue	109,892	10,392
Paycheck protection program loan	78,029	84,500
Current portion note payable	3,506	-
Total current liabilities	225,889	154,307
<b>LONG-TERM DEBT</b>		
Note payable, net of current portion	146,394	-
<b>NET ASSETS</b>		
Without donor restrictions	482,985	562,513
With donor restrictions	150,851	-
Total net assets	633,836	562,513
Total liabilities and net assets	\$ 1,006,119	\$ 716,820

See notes to financial statements.

**THE TRAVELING SCHOOL  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>REVENUE AND SUPPORT</b>			
Tuition fees	\$ 855	\$ -	\$ 855
Donations	85,063	150,851	235,914
Grants	233,616	-	233,616
In kind donations	<u>4,028</u>	<u>-</u>	<u>4,028</u>
Total revenue and support	<u>323,562</u>	<u>150,851</u>	<u>474,413</u>
<b>EXPENSES</b>			
Program	193,160	-	193,160
Administration	97,657	-	97,657
Fundraising	<u>114,975</u>	<u>-</u>	<u>114,975</u>
Total expenses	<u>405,792</u>	<u>-</u>	<u>405,792</u>
<b>OTHER INCOME AND EXPENSE</b>			
Other income	2,639	-	2,639
Investment income	<u>63</u>	<u>-</u>	<u>63</u>
Total other income and expense	<u>2,702</u>	<u>-</u>	<u>2,702</u>
<b>CHANGE IN NET ASSETS</b>			
	(79,528)	150,851	71,323
Net assets at beginning of year	<u>562,513</u>	<u>-</u>	<u>562,513</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 482,985</u>	<u>\$ 150,851</u>	<u>\$ 633,836</u>

See notes to financial statements.

**THE TRAVELING SCHOOL  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>REVENUE AND SUPPORT</b>			
Tuition fees	\$ 776,858	\$ -	\$ 776,858
Donations	201,254	-	201,254
Grants	18,511	-	18,511
In kind donations	4,925	-	4,925
Event income	<u>7,288</u>	<u>-</u>	<u>7,288</u>
Total revenue and support	<u>1,008,836</u>	<u>-</u>	<u>1,008,836</u>
<b>EXPENSES</b>			
Program	686,836	-	686,836
Administration	104,928	-	104,928
Fundraising	<u>124,892</u>	<u>-</u>	<u>124,892</u>
Total expenses	<u>916,656</u>	<u>-</u>	<u>916,656</u>
<b>OTHER INCOME AND EXPENSE</b>			
Other income	1,384	-	1,384
Investment income	<u>6,545</u>	<u>-</u>	<u>6,545</u>
Total other income and expense	<u>7,929</u>	<u>-</u>	<u>7,929</u>
<b>CHANGE IN NET ASSETS</b>			
Net assets at beginning of year	<u>462,404</u>	<u>-</u>	<u>462,404</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 562,513</u>	<u>\$ -</u>	<u>\$ 562,513</u>

See notes to financial statements.

**THE TRAVELING SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2021**

	<u>Program</u>	<u>Support</u>		<u>Total</u>
	<u>Education</u>	<u>Administration</u>	<u>Fundraising</u>	
Accreditation	\$ 1,070	\$ -	\$ -	\$ 1,070
Advertising	2,825	636	2,005	5,466
Bank service charges	241	44	2,757	3,042
Depreciation	2,004	-	-	2,004
Dues and subscriptions	1,807	1,325	3,762	6,894
Food and lodging	270	1,145	113	1,528
Health insurance	8,762	1,457	1,093	11,312
Insurance	599	5,485	329	6,413
Office rent	4,652	1,644	2,150	8,446
Payroll expense	150,134	71,025	86,107	307,266
Postage and delivery	867	317	1,399	2,583
Printing	306	121	5,186	5,613
Professional development	835	1,135	2,350	4,320
Professional fees	6,580	10,087	5,459	22,126
Recruiting	1,276	-	-	1,276
Supplies	5,743	2,310	1,510	9,563
Telephone/internet	2,337	688	619	3,644
Travel	2,575	136	4	2,715
Utilities	277	102	132	511
	<u>193,160</u>	<u>97,657</u>	<u>114,975</u>	<u>405,792</u>
Total expenses	<u>\$ 193,160</u>	<u>\$ 97,657</u>	<u>\$ 114,975</u>	<u>\$ 405,792</u>

See notes to financial statements.



**THE TRAVELING SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2020**

	<u>Program</u>	<u>Support</u>		<u>Total</u>
	<u>Education</u>	<u>Administration</u>	<u>Fundraising</u>	
Accreditation	\$ 5,875	\$ -	\$ -	\$ 5,875
Advertising	2,578	2,411	4,813	9,802
Bad debt	4,216	-	-	4,216
Bank service charges	1,275	117	1,965	3,357
Curriculum	2,091	-	-	2,091
Depreciation	1,660	-	-	1,660
Dues and subscriptions	1,326	1,340	4,208	6,874
Food and lodging	94,773	2,242	1,339	98,354
Health insurance	9,031	2,318	1,085	12,434
Insurance	5,596	5,367	514	11,477
Medical/security	14,043	-	-	14,043
Office rent	16,978	5,890	7,776	30,644
Park/activity fee	34,242	-	-	34,242
Payroll expense	253,927	64,845	90,495	409,267
Postage and delivery	1,766	301	586	2,653
Printing	4,967	361	2,070	7,398
Professional development	4,089	4,779	2,184	11,052
Professional fees	4,700	13,520	5,898	24,118
Recruiting	3,105	-	-	3,105
Scholarship	120,500	-	-	120,500
Supplies	6,182	710	641	7,533
Telephone/internet	3,661	466	524	4,651
Travel	89,615	35	493	90,143
Utilities	640	226	301	1,167
<b>Total expenses</b>	<b><u>\$ 686,836</u></b>	<b><u>\$ 104,928</u></b>	<b><u>\$ 124,892</u></b>	<b><u>\$ 916,656</u></b>

See notes to financial statements.

**THE TRAVELING SCHOOL  
STATEMENTS OF CASH FLOWS**

	<b>Years Ended June 30</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from tuition and related fees	\$ 105,205	\$ 589,734
Receipts from donors and grantors	342,531	219,765
Other cash receipts	87,202	15,217
Payments for salaries and related costs	(312,247)	(399,998)
Payments to vendors	<u>(140,662)</u>	<u>(475,574)</u>
Net cash provided (used) by operating activities	<u>82,029</u>	<u>(50,856)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from redemption of certificate of deposit	-	292,000
Purchases of fixed assets	<u>-</u>	<u>(6,000)</u>
Net cash provided by investing activities	<u>-</u>	<u>286,000</u>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		
Proceeds from notes payable	<u>143,429</u>	<u>84,500</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	225,458	319,644
Cash and cash equivalents at beginning of year	<u>701,561</u>	<u>381,917</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 927,019</u>	<u>\$ 701,561</u>
<b>NON-CASH TRANSACTIONS</b>		
Paycheck Protection Program loan forgiveness	<u>\$ 84,500</u>	<u>\$ -</u>

See notes to financial statements.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Traveling School was founded on November 1, 2001. The Organization's purpose is to provide formal instruction for teenage girls aged fifteen through eighteen through in-depth, placed based exploration of a US-based or international region for an academic semester. The programs include formal academics, community engagement, outdoor activities and leadership development to foster strong, compassionate female leaders. The Organization's support comes primarily from tuition fees. Some support is received from donations. However, in 2021, the Organization's revenue has been derived mainly from fundraising dollars as well as federal stimulus monies. The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

As a result of the ongoing COVID-19 pandemic, economic uncertainties negatively impacted revenues, net income, and cash flows this past year. In fiscal year 2021, the Organization sustained a loss of revenue due to cancelled fall and spring international programming. Management has worked to develop a domestic semester until international travel becomes possible. This has demanded unanticipated outlays for increased expenses (insurance, meals, lodging, contracted activities, transportation, gear). The costs of running a domestic semester will be significantly higher compared to international course areas in southern Africa and South America. As well, because this is a new version of our programming, our fall semester cohort is much smaller than our ideal enrollment.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Estimates**

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

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Account balances held in financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank, per depositor. As of June 30, 2021 and 2020, bank deposits did not exceed federally insured limits. The Organization has not experienced any losses in such accounts.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

The Organization capitalizes expenditures for property and equipment in excess of \$2,500. Purchased property and equipment are stated at cost. Donations of property and equipment are recorded as support at their estimated fair value at date of gift. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment donated with time restriction are reclassified as unrestricted once all time restrictions are met. Absent donor stipulations regarding how long those donated assets are to be placed in service, the Organization records these assets as unrestricted support. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 7 years. Depreciation expense for the years ended June 30, 2021 and 2020 was \$2,004 and \$1,660, respectively.

**Income Taxes**

The Organization is a not for profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. The Organization's information returns (Form 990) are open to examination by the IRS, generally for three years after they were filed or the due date of the return, whichever is later.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions and Grants**

Contributions and grants are recognized as revenues in the period cash or assets are transferred or pledges are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at date of receipt.

Grants receivable and unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions with donor restrictions that are received and expended in the same period are reported as net assets without donor restrictions.

**Tuition Revenues**

Tuition revenues are recognized during the semester in which the services are provided. Payment is due prior to the semester of study or can be paid throughout the semester under a payment plan. Amounts received in advance are deferred and recognized during the applicable semester. The School uses the direct write-off method for uncollectible receivables. Accounts receivable are reviewed periodically, and those accounts which are considered doubtful are charged off to current year's operating expense. Therefore, management's best estimate for an allowance for doubtful accounts is zero.

**Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related expenses, occupancy, printing, and supplies, which are allocated on the basis of estimates of time and effort (calculated through full-time equivalent employees).

**Advertising**

The Traveling School expenses advertising costs when they are paid.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Services, Materials, and Facilities**

The financial statements of the Organization reflect in-kind donations as revenues in the period received and as assets, expenses, or decreases of liabilities depending on the type of benefit received. Donations are measured at estimated fair market values. Donations received with donor restrictions for future periods are reported as an increase in net assets with donor restrictions.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

**Reclassifications**

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.

**2. LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Financial assets		
Cash and cash equivalents	\$ 927,019	\$ 701,561
Accounts receivable	3,125	7,975
Other receivables	42,499	-
Financial assets, at year end	972,643	709,536
Unavailable for general expenditure in one year		
Purpose restriction by donors	(150,851)	-
Total financial resources available for general expenditure	\$ 821,792	\$ 709,536

The Organization is typically substantially supported by tuition revenue. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and money market funds. The Traveling School strives to maintain three to six months' of operating costs in reserves. This allows the Organization to appropriately respond to emergency or unforeseen situations as well as to maintain operations if a semester was to be canceled. Furthermore, reserve funds allow the Organization to maintain needed cash flow throughout the fiscal year. The Organization typically collects tuition revenue twice a year prior to each semester unless families elect to go on a payment plan. The Organization invests excess cash in accordance with its investment policy to manage investment risk and optimize investment returns within acceptable parameters.

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**2. LIQUIDITY AND AVAILABILITY (Continued)**

Even though the Organization did not run any programs in the 2020-2021 academic year due to COVID-19 and subsisted on significantly reduced operating expenses, the Organization was able to avoid dipping into reserves, layoffs, as well as work to develop a new domestic semester. This buffer was largely due to stimulus grants and loans (PPP1 and PPP2, EIDL, and the MT CRF, ERC), as well as fundraising revenue. The Organization was able to continue focusing on ways to re-create programming in the domestic arena while staying true to its mission ‘to amplify female voices through transformative education to ignite positive change’.

**3. RETIREMENT PLAN**

The Organization adopted a Savings Incentive Match Plan for Employees (SIMPLE). All hourly and salaried permanent employees who work at least 30 hours per week and are reasonably expected to earn \$5,000 or more annually are eligible to enroll in the employer-sponsored SIMPLE IRA retirement plan. New employees may enroll on the first day of the month following the completion of their six month probationary period. In 2020, the plan was amended to eliminate the six month probationary period. According to the plan, the Organization will match each participant's elective salary deferrals, dollar for dollar, up to 3% of each participant's compensation. Participants may direct their investments among the funds offered by the plan. During the years ended June 30, 2021 and 2020, the Organization made matching contribution to the SIMPLE plan of \$8,124 and \$6,612, respectively.

**4. IN-KIND DONATIONS**

The fair value of donated goods and services included as contributions in the financial statements for the year ended June 30, 2021, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Professional fees	\$ -	\$ 1,003	\$ 270	\$ 1,273
Supplies	2,125	-	630	2,755
	<u>\$ 2,125</u>	<u>\$ 1,003</u>	<u>\$ 900</u>	<u>\$ 4,028</u>

The fair value of donated goods and services included as contributions in the financial statements for the year ended June 30, 2020, are as follows:

	<u>Program</u>	<u>Administration</u>	<u>Total</u>
Food and lodging	\$ 1,000	\$ 120	\$ 1,120
Professional fees	-	925	925
Supplies	2,880	-	2,880
	<u>\$ 3,880</u>	<u>\$ 1,045</u>	<u>\$ 4,925</u>

**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**5. PAYCHECK PROTECTION PROGRAM LOAN**

On April 15, 2020, the Organization was granted a loan from First Security Bank (a division of Glacier Bank) in the aggregate amount of \$84,500, pursuant to the Paycheck Protection Program (PPP) under the CARES Act. The Organization originally recorded the loan as a refundable advance in the year ended June 30, 2020. The loan was forgiven in fiscal year 2021, at which point the Organization recorded grant revenue in accordance with the guidance for conditional contributions where there is no longer a measurable performance or other barrier and a right to return the loan.

On January 22, 2021, the Organization was granted a loan from the Montana Community Development Corporation (dba MoFi) in the aggregate amount of \$78,029, pursuant to the round 2 of the Paycheck Protection Program (PPP) under the CARES Act. The loan matures on January 22, 2026 and bears interest at a rate of 1.00% per annum, payable monthly commencing on November 15, 2021. Funds from the loan may only be used for payroll costs, group health benefits, rent, and utilities. The Organization intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan is recorded as a refundable advance at June 30, 2021, and the full amount of this loan was forgiven in October 2021.

**6. EMPLOYEE RETENTION CREDIT**

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provided an employee retention credit as a refundable tax credit against certain employment taxes. The credit was equal to 50% of qualified wages paid to employees, up to \$5,000 per employee, capped at \$10,000 of qualified wages through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit and extended the credit through December 31, 2021. Under this expansion, the credit is equal to 70% of qualified wages, capped at \$10,000 per quarter, through 2021. The Organization qualified for the credit for the quarters ended March 31, 2021 and June 30, 2021, and has recorded a \$42,499 benefit which is presented in the statement of activities as grant revenue.

**7. NOTE PAYABLE**

On July 24, 2020, the Organization was granted an Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Association (SBA) in the amount of \$150,000. The loan matures on July 24, 2050 and bears interest at a rate of 2.75% per annum; payable in monthly payments of \$641, including principal and interest, commencing on July 24, 2021.

Annual maturities for the years following June 30, 2021, are as follows:

2022	\$	3,506
2023		3,603
2024		3,704
2025		3,807
2026		3,913
Thereafter		131,367
		\$ 149,900



**THE TRAVELING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021 and 2020**

**8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions is comprised of the following as of June 30:

	<b>2021</b>	<b>2020</b>
Subject to expenditure for specific purpose:		
Scholarships	\$ 147,351	\$ -
Gear	3,500	-
	\$ 150,851	\$ -

**9. OFFICE LEASE**

The Organization leased office space under a lease agreement originally dated June 1, 2016 through May 31, 2019, with the right of renewal for two additional one-year terms. The Organization elected to renew June 2019 and again in 2020. However, the COVID-19 pandemic prevented the Organization from using this office space, and as a result, employees worked remotely. The Organization subsequently negotiated a six-month amended lease from July 1, 2020 through December 31, 2020 with monthly rent payments of \$2,000. Rent paid for the years ended June 30, 2021 and 2020 was \$10,000 and \$30,644, respectively. The Organization did not renew the lease at the end of December 2020. Currently, employees work remotely, and the Organization now leases a storage unit for \$540/every 6 months.

**10. SUBSEQUENT EVENTS**

Economic Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which could negatively impact revenues, net income and cash flows in future years, though such potential impact is unknown at this time. In January 2021, the Organization received a second Paycheck Protection Program (PPP) loan through the Small Business Administration (SBA) for \$78,029 (see Note 5); the full amount of this loan was forgiven in October 2021.

As of August 2021, the Organization has been able to return to somewhat normal operations. The Organization has resumed running programs, but the programs are US-based rather than overseas. With these programs comes a resumption of tuition revenue and program expenses. With a new program, tuition revenues in the coming year are lower than anticipated and program expenses for a US-based semester have proven to be higher.

Date of Management Evaluation

Management has evaluated subsequent events through October 20, 2021, the date on which the financial statements were available to be issued.