SECOND START

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

INDEX TO FINANCIAL STATEMENTS

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MASON + RICH
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Second Start
Concord, New Hampshire

We have audited the accompanying financial statements of Second Start (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second Start as of June 30, 2020 and 2019, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of support and revenues, expenses and changes in net assets on pages 20 and 21 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Very truly yours,

Mason + Rich, P.A.

MASON + RICH PROFESSIONAL ASSOCIATION
Certified Public Accountants

November 13, 2020

SECOND START
STATEMENTS OF FINANICAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	$ 873,115	$ 419,052
Accounts Receivable	39,022	49,637
Grants Receivable	109,957	113,563
Unconditional Pledges Receivable, Current Portion	-	20,000
Prepaid Expenses	24,131	12,286
Total Current Assets	1,046,225	614,538
PROPERTY AND EQUIPMENT		
Property and Equipment	3,307,581	3,291,348
Less Accumulated Depreciation	(1,791,395)	(1,676,433)
Net Property and Equipment	1,516,186	1,614,915
TOTAL ASSETS	2,562,411	2,229,453

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts Payable	6,612	58,236
Accrued Expenses	216,036	188,814
Deferred Contributions and Revenue	330,938	33,545
TOTAL LIABILITIES	553,586	280,595
NET ASSETS		
Net Assets Without Donor Restrictions	2,008,825	1,907,814
Net Assets With Donor Restrictions	-	41,044
TOTAL NET ASSETS	2,008,825	1,948,858
TOTAL LIABILITIES AND NET ASSETS	$ 2,562,411	$ 2,229,453

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS SUPPORT AND REVENUE		
Grants from Governmental Agencies	$ 1,189,199	$ 1,146,636
Private Fees	670,093	922,240
Fees from Governmental Agencies	973,733	919,901
Government Assistance - PPP	173,203	-
Miscellaneous Income	17,136	44,868
Private Grants	15,901	-
Contributions	15,745	16,912
United Way	6,473	12,034
Interest Income	86	122
Total Support and Revenue	3,061,569	3,062,713
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of Program Restrictions	21,044	29,956
Expiration of Time Restrictions	20,000	23,000
Total Net Assets Released from Restrictions	41,044	52,956
TOTAL SUPPORT, REVENUE, AND OTHER NET ASSETS WITHOUT DONOR RESTRICTIONS	3,102,613	3,115,669
FUNCTIONAL EXPENSES AND LOSSES		
Functional Expenses		
Program Services	2,652,539	2,745,743
Management and General	349,261	397,596
Total Functional Expenses	3,001,800	3,143,339
Other (Income) Expenses		
(Gain) Loss on Disposal of Property and Equipment	(198)	2,114
TOTAL FUNCTIONAL EXPENSES AND LOSSES	$ 3,001,602	$ 3,145,453

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The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
INCREASE (DECREASE) IN TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 101,011	$ (29,784)
CHANGE IN ASSETS WITH DONOR RESTRICTIONS		
DONOR RESTRICTIONS		
Donor Restricted Support and Revenue	-	42,500
Net Assets Released from Restrictions	(41,044)	(52,956)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(41,044)	(10,456)
INCREASE (DECREASE) IN TOTAL NET ASSETS	59,967	(40,240)
NET ASSETS, BEGINNING OF YEAR	1,948,858	1,989,098
NET ASSETS, END OF YEAR	$ 2,008,825	$ 1,948,858

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Advertising Expenses	$ 5,239	$ 75	$ -	$ 5,314
Conference and Meeting Expense	22,112	-	-	22,112
Depreciation Expense	84,770	35,636	-	120,406
Bad Debt Expense	15,050	-	-	15,050
Dues and Membership	9,152	6,249	-	15,401
Employee Benefits	179,880	24,317	-	204,197
Information Technology	15,422	6,109	-	21,531
Instructional Materials	8,774	-	-	8,774
Insurance Expense	45,607	3,809	-	49,416
Miscellaneous Expense	3,300	-	-	3,300
Occupancy Expense	75,777	25,097	-	100,874
Office Expense	9,138	3,412	-	12,550
Payroll Taxes	135,402	15,566	-	150,968
Professional Fees	89,047	17,956	-	107,003
Salaries and Wages	1,836,722	206,868	-	2,043,590
Staff Development	4,007	245	-	4,252
Stipends and Discounts	6,396	-	-	6,396
Supplies Expense	77,613	3,850	-	81,463
Travel Expense	29,131	72	-	29,203
Total Functional Expenses	$ 2,652,539	$ 349,261	$ -	$ 3,001,800

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
Advertising Expenses	$ 4,774	$ 330	$ -	$ 5,104
Conference and Meeting Expense	30,171	-	-	30,171
Depreciation Expense	85,262	38,202	-	123,464
Dues and Membership	8,192	6,160	-	14,352
Employee Benefits	206,931	25,723	-	232,654
Information Technology	14,508	6,487	-	20,995
Instructional Materials	6,741	-	-	6,741
Insurance Expense	36,463	3,143	-	39,606
Miscellaneous Expense	9,624	184	-	9,808
Occupancy Expense	82,803	27,131	-	109,934
Office Expense	8,558	4,182	-	12,740
Payroll Taxes	137,913	18,296	-	156,209
Professional Fees	128,789	15,385	-	144,174
Salaries and Wages	1,829,843	249,569	-	2,079,412
Staff Development	8,112	-	-	8,112
Stipends and Discounts	8,767	-	-	8,767
Supplies Expense	108,531	2,602	-	111,133
Travel Expense	29,761	202	-	29,963
Total Functional Expenses	$ 2,745,743	$ 397,596	$ -	$ 3,143,339

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 59,967	$ (40,240)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	120,406	123,464
(Gain) Loss on Disposal of Property and Equipment	(198)	2,114
(Increase) Decrease in Operating Assets:		
Accounts Receivable	10,615	5,162
Grants Receivable	3,606	85,388
Unconditional Pledges Receivable, Current Portion	20,000	3,000
Prepaid Expenses	(11,845)	31,277
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(51,621)	33,874
Accrued Expenses	27,222	17,650
Deferred Revenue	297,393	25,235
Total Adjustments	415,577	327,164
Net Cash Provided by (Used in) Operating Activities	475,544	286,924
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property and Equipment	569	-
Purchases of Property and Equipment	(22,050)	(105,270)
Net Cash Provided by (Used in) Investing Activities	(21,481)	(105,270)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	454,063	181,654
Cash and Cash Equivalents, Beginning of Year	419,052	237,398
Cash and Cash Equivalents, End of Year	$ 873,115	$ 419,052

The Accompanying Notes are an Integral Part of These Financial Statements

A | NATURE OF ACTIVITIES

Second Start (the "Organization") is a private nonprofit education corporation which has been in existence since 1970. Second Start is committed to improving the economic and educational wellbeing of New Hampshire residents. Its goal is to help people become more productive workers, family members, and community citizens. Within these opportunities, the Organization offers a variety of programs, each serving participants in ways that meet their needs.

The programs available at Second Start are as follows:

Special Education – The Special Education Program was established in 1979 and accounts for the proceeds of an education program that serves coded special needs students ages 14-21 from local school districts in the greater Concord area.

Transitional Employment Training Program (TET) – The TET Program was established in 1984 and accounts for proceeds and expenses used to provide a vocationally oriented program designed to develop personal and social responsibility, workforce readiness, and provide experiential training and coursework for adolescents.

Alternative High School – The Alternative High School Program was established in 1976 and accounts for the proceeds and expenses of an alternative academic program for adolescents previously unsuccessful in public high school programs. Students are not coded for special education services.

Student Assistance Program (SAP) – The Student Assistance Program is a drug education, prevention, and early identification program designed for public school students. The Student Assistance Program was started in 1984 and accounts for the proceeds and expenses associated with the student assistance services for the local school districts as well as programs for the Second Start Alternative High School and special education students.

Adult Basic Education (ABE) – The Adult Basic Education Program was established in 1971 and accounts for the proceeds and expenses for providing remedial academic programs for adults from the most basic levels through preparation for the High School Equivalency Exam (HiSET) as well as English as a second language classes. The program also includes academic and vocational counseling for students. The program includes fees and expenses for providing HiSET Testing services and administering staff development for ABE/ESL teachers statewide.

Adult Learner Services (ALS) – The Adult Learner Services Program, formerly the Adult Tutorial Program, was established in 1983 and accounts for proceeds and expenses used to help adults increase their reading and math skills through the aid of volunteer tutors. This program also includes services to foreign-speaking and refugee students to increase their English skills.

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Day Care Program – The Day Care Program was established in 1973 and accounts for proceeds and expenses used to care for children (ages 6 weeks to 12 years) of the general community while their parents are in classes, training programs, or working during the day. This program also includes services to protective custody referrals from the New Hampshire Department of Health and Human Services.

Welcoming Concord – The Welcoming Concord program was established in 2015 and accounts for proceeds and expenses used to increase social inclusion and integration of immigrants and refugees in targeted New Hampshire communities.

B | SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding these financial statements. The financial statements and notes are the representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles (GAAP) in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting
The Organization uses the accrual basis of accounting in its financial statements. Under this basis, revenue is recognized when earned rather than when payment is received, and expenses and purchases of assets are recognized when the obligation is incurred rather than when the cash is disbursed.

Use of Estimates
The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results experienced by the Organization may differ from management's estimates.

Cash and Cash Equivalents
For purposes of the statement of cash flows, cash includes cash on hand, funds on deposit with financial institutions, and investments with original maturities of three months or less.

Accounts Receivable
Accounts receivable consists of private fees due from the daycare program and revenue from school districts for various programs. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management considers accounts to be delinquent based on the date of unpaid invoices. Past due receivables are written off at management's discretion using the direct write off method; this is not considered a departure from accounting principles generally accepted in the United States because of the effects of the direct write off method approximate those of the allowance method. All accounts are considered to be collectible. The Organization does not accrue interest on past due accounts receivable.

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Grants Receivable
Grants receivable are amounts due for reimbursement from various grant agencies. No allowance is recorded because all amounts are expected to be fully reimbursed by the federal and state governments. Interest is not allowed and is not accrued on any past due grants receivable balances.

Unconditional Pledges Receivable
Unconditional promises to give are stated at the amount management expects to collect from outstanding balances. Management evaluates the collectability of customer accounts by considering factors such as historical experience, the age of the promise to give, and current economic conditions that may affect a customer's ability to pay. Past due promises to give are written off at management's discretion using the direct write off method; this is not considered a departure from accounting principles generally accepted in the United States because the effects of the direct write off method approximate those of the allowance method. The Organization does not charge interest on past due promises to give.

Property and Equipment
The Organization's property and equipment policy is to capitalize individual purchases, renewals and betterments in excess of $1,000. Maintenance, repairs and minor renewals are charged to expense as incurred. Periodically, management evaluates property and equipment for impairment when events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of income. These items are depreciated using the straight-line method over their estimated useful lives as follows:

Furniture and Equipment	5 years
Leasehold Improvements	5 - 30 years
Building	40 years

Net Assets
The Organization reports its net assets as required by Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities accounting to the following classes: net assets without donor restrictions and net assets with donor restrictions. Descriptions of the net asset categories included in the Organization's financial statements are as follows:

> <u>Net assets without donor restrictions</u> include revenues and expenses and contributions which are not subject to any donor imposed restrictions. Net assets without donor restrictions can be designated by the Board of Directors for special projects and expenditures.

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Net assets with donor restrictions include contributions for which time restrictions or donor-imposed restrictions have not yet been met. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Net assets with donor restrictions also include gifts which require, by donor restriction, that the corpus be invested in perpetuity and only the income or portion therefore (excluding gains restricted by state statute) be made available for program operations in accordance with donor restrictions.

Contributions and Promises to Give
Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions are recognized under FASB ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under this ASU, contributions are not recognized as revenue if there are donor-imposed conditions and barriers that must be overcome before the Organization is entitled to the assets transferred. Conditional contributions can exist if the Organization has limited discretion over how the resources are spent and the contributor retains a right of return to the resources provided if the conditions are not met. If contributions are received prior to the satisfaction of the donor-imposed conditions and barriers, the advanced receipt of funds would be recorded as deferred revenue on the statement of financial position. Once conditions have been substantially met, the contributions are recognized as revenue and classified as net assets with or without donor restrictions depending on remaining donor restrictions.

Deferred contributions were $312,897 for the year ended June 30, 2020. Deferred revenue from exchange transactions was $18,041 and $33,545 for the years ended June 30, 2020 and 2019, respectively.

Functional Allocation of Expenses
The costs of providing the Organization's program and other activities have been summarized on the functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, and depreciation is allocated based on space utilization. General administrative expenses are allocated to each program based on the direct expenses incurred for each program or estimated usage based on time spent on each function of the staff.

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Donated Materials and Services
Contributed goods and services are reported at their fair value if such goods or services create or enhance non-financial assets, or would have been purchased if not provided by contribution, and for services which are provided by individuals possessing specialized skills. A number of volunteers have made contributions of their time and talent, or contributed goods to develop the Organization's programs. However, these services do not meet the criteria for recognition as contributed services and, therefore, are not reflected in the financial statements.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of property and equipment are recorded as unrestricted support. The Organization received no contributed property for the years ended June 30, 2020 and 2019.

Advertising
The Organization conducts non-direct response advertising. These costs are expensed as incurred. Advertising costs was $5,314 and $5,104 for the years ended June 30, 2020 and 2019, respectively.

Income Taxes
Management evaluates its tax position in accordance with FASB Accounting Standards Codification (ASC) 740-10, *Accounting for Uncertain Tax Positions,* which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as de-recognition, interest, penalties, and disclosures required. The Organization's policy is to recognize interest and penalties related to unrecognized tax benefits as tax expense.

Changes to Accounting Standards Prior to Adoption
In May 2014, the FASB established ASC Topic 606, *Revenue from Contracts with Customers*, by issuing ASU 2014-09 effective for financial reporting periods beginning after December 15, 2018. In June 2020, the FASB delayed the effective date of the revenue standards to periods beginning after December 15, 2019 in response to the coronavirus pandemic, with early adoption permitted. ASC 606 requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods and services. ASC 606 and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASC also requires expanded disclosures related to the nature, amount, time, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 permits the use of either the retrospective or cumulative effect transition method. As a result, the Organization will evaluate the guidance for adopting ASU 2014-09 for reporting period beginning July 1, 2020. The Organization is currently evaluating the impact of adopting the new standard on its results of operations and financial position.

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C | ADOPTION OF ACCOUNTING STANDARD

In June 2018, FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, effective for financial reporting periods beginning after December 15, 2018. This update clarifies and improves current guidance about whether a transfer of assets is a contribution or exchange transaction. The Organization adopted the new standard effective July 1, 2019 using the modified prospective approach.

Prior to the implementation of ASU 2018-08, the Organization recorded conditional contributions that were restricted by the donor as increases in net assets with donor restrictions. After implementation of ASU 2018-08, the Organization may not recognize revenue if contributions are conditional. Conditional contributions received in advance are recorded as deferred revenue until conditions have been substantially met. See Note B, Contributions and Promises to Give, for more information.

D | PAYCHECK PROTECTION PROGRAM

On April 20, 2020, the Organization received loan proceeds in the amount of $486,100 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses up to 2.5 times the average monthly payroll expenses of the qualifying business. The entire principal amount and any accrued interest on the loan is eligible for forgiveness to the extent the proceeds were used for eligible purposes, including payroll, employee benefits, and other eligible payments, and maintains its payroll levels over a twenty-four week period from the date the funds were received. Other eligible payments include rent, mortgage interest, insurance premiums, utilities, and interest on other debt obligations incurred before February 15, 2020.

Management has elected to record the proceeds of the PPP loan as an in-substance government grant based on the assertion that the Organization will meet all qualifications and that the loan forgiveness is probable. Under this method, the PPP loan is initially recognized as a deferred income liability. Subsequently, the Organization reduces the liability and recognizes grant income on the statements of activities and changes in net assets as the Organization recognizes the related expenses for which loan forgiveness is allowed.

For the year ended June 30, 2020, the Organization spent $173,203 of qualifying expenses against this loan. As of June 30, 2020, the amount of deferred income liability related to the PPP loan is $312,897.

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E | PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2020	2019
Building and Improvements	$ 1,681,778	$ 1,663,349
Leasehold Improvements	965,822	964,675
Land	210,000	210,000
Furniture and Equipment	449,981	453,324
Total Property and Equipment	3,307,581	3,291,348
Less Accumulated Depreciation	(1,791,395)	(1,676,433)
Net Property and Equipment	$ 1,516,186	$ 1,614,915

Depreciation expense was $120,406 and $123,464 for the years ended June 30, 2020 and 2019, respectively.

F | LINE OF CREDIT

The Organization maintains a revolving line of credit agreement with a local bank, which provides that it may borrow up to $600,000 at June 30, 2020 and 2019. The interest rate formula is based at 0.50% over the Wall Street Journal prime rate, which was 3.75% and 6.00% at June 30, 2020 and 2019, respectively. The agreement is collateralized by all business assets of the Organization. The Organization had no outstanding balance as of June 30, 2020 and 2019.

G | CORPORATE ORGANIZATION

The Corporation is a voluntary organization under Chapter 292 of the New Hampshire Revised Statutes Annotated and therefore has no capital stock.

H | NET ASSETS

There were no net assets with donor restrictions for the year ended June 30, 2020. Additionally, there were $40,364 of Board Designated Funds set aside for general expenditures per discretion of the board at June 30, 2020.

The total net assets with donor restrictions for the year ended June 30, 2019 consisted of United Way funding for 2020 in the amount of $20,000 and other private grants of $21,044. Additionally, there were $61,010 of Board Designated Funds set aside for general expenditures per discretion of the board at June 30, 2019.

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I | LEASE AGREEMENTS

The Organization has entered into a long-term lease agreement for property located at 450 North State Street whereby the Organization has use of the building in return for its upkeep and maintenance. The improvements were capitalized with a five to thirty-year depreciable life. Depreciation expense was $9,800 and $9,823 for the years ended June 30, 2020 and 2019, respectively.

J | INCOME TAXES

The Organization is exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions.

For the years ended June 30, 2020 and 2019, management has evaluated its tax position in accordance with FASB ASC 740-10 and does not believe they have taken uncertain tax positions, therefore, a liability for income taxes associated with uncertain tax positions has not been recognized. Additionally, the Organization did not recognize interest or penalties resulting from tax liabilities associated with recognizing uncertain tax positions for the years ended June 30, 2020 and 2019.

The Organization is a non-profit organization, as a result it files a federal Form 990, *Return of Organization Exempt from Income Tax*, and a New Hampshire Annual Report. In the normal course of business, the Organization is subject to examination by taxing authorities. With limited exceptions, the Organization is no longer subject to federal or State of New Hampshire examinations for their federal Form 990 or New Hampshire Annual Report for the years before 2016.

K | RETIREMENT PLAN

The Organization maintains a retirement plan under the Internal Revenue Code Section 403(b) for its employees through a third party. Eligible participants over twenty-one years of age and working more than 1,000 hours per year may elect to make a voluntary pre-tax salary deferral each year, not to exceed the maximum allowed by law. The Organization may contribute to the employee's retirement fund at the Board's discretion. There were no contributions paid by the Organization for the years ended June 30, 2020 and 2019.

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L | LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available within one year from the statement of financial position date for general operating expenses are as follows:

	2020	2019
Cash and Cash Equivalents	$ 873,115	$ 419,052
Accounts Receivable	39,022	49,637
Grants Receivable	109,957	113,563
Unconditional Promises to Give	-	20,000
Prepaid Expenses	24,131	24,131
Financial assets, at year end	1,046,225	614,538
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	-	(41,044)
Board designated funds	(40,364)	(61,010)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,005,861	$ 512,484

The Organization has financial assets on hand equal to approximately 4 months of operating expenses, which totaled $3,001,800 for the year ended June 30, 2020. At times, the Board of Directors may designate a portion of any operating surplus to its liquidity reserve for future expenditures. At June 30, 2020, there was $40,364 of Board Designated Funds set aside for capital and other repairs and maintenance projects. A significant portion of the Organization's funding is derived from cost reimbursement grants from federal and state agencies; therefore, the Organization believes its liquid financial assets are sufficient to fund unanticipated liquidity needs that may arise. Additionally, the Organization has a line of credit which allows for borrowings up to $600,000.

M | COMMITMENTS AND CONTINGENCIES

Energy Efficiency Initiative
In fiscal year 2010, the Organization began an initiative to improve the energy efficiency of both 450 North State Street and the 17 Knight Street building in Concord, New Hampshire. The initiative includes energy improvements, including insulation, new windows, new daycare ceilings, ventilation and lighting, boiler replacement, conversion to electronic thermostats, and appliance replacement at an estimated total cost of $681,265.

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Financial support for the energy efficiency initiative included a Community Development Finance Authority (CDFA) grant of $343,000. Additional funding was obtained from a Community Development Block Grant (CDBG) in the amount of $313,265 through the City of Concord, New Hampshire and $15,000 in cash donations. These grants were completed in 2011. Both grants are restricted to the Organization's energy efficiency initiative. Additionally, in the event the Organization ceases to use the buildings in providing services to low to moderate income populations, both grants will require repayment of a portion of the proceeds. This contingency continues through 2020 and 2030 for the CDFA and CDBG grants, respectively.

Grant Compliance
The Organization received funds under various grants. Under the terms of the grants the Organization is required to use the funds within a certain period and for purposes specified by governing laws and regulations. If expenditures were found not to have been made in compliance with laws and regulations, the Organization might be required to repay the funds.

Contingencies
In fiscal year 2016, the County of Merrimack awarded the Organization a CBDG grant in the amount of $300,000 to be used for building improvements at the Garrison facility. The improvements include roof replacement, exterior façade mortar repairs, exterior painting, solar panels, and additional insulation at its 17 Knight Street, Concord, New Hampshire facility. The grant requires that at least 77% of the persons served by the project be low and moderate income. In the event of default, the grant may require repayment of the funds already distributed. This contingency continues through the year 2036.

N | CONCENTRATIONS OF RISK

The Organization maintains cash balances at a local financial institution that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) secured limit of $250,000. At June 30, 2020 and 2019, the Organization had uninsured balances of $155,374 and $191,607, respectively.

O | RECLASSIFICATIONS

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. These reclassifications had no effect on the reported results of previously reported net assets.

(Continued on next page)

P | SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2020, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date.

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus COVID-19 as a pandemic which continues to spread throughout the world. The spread of this virus has caused business disruption across the United States which may negatively impact the Organization. While the disruption is expected to be temporary, there is considerable uncertainty around the duration; therefore, the related financial impact and duration cannot be reasonably estimated at this time.

SECOND START

SCHEDULE OF SUPPORT AND REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	General & Building	*Special Education*	*T.E.T Program*	*Alternative High School*	*Student Assistance*	*Adult Basic Education*	*Adult Learner*	*Welcoming Concord*	*Daycare*	*Total*
SUPPORT AND REVENUES										
Grants from Governmental Agencies	$ -	$ -	$ -	$ -	$ 212,407	$ 648,584	$ 100,900	$ -	$ 227,308	$ 1,189,199
Private Fees	-	-	-	-	-	-	-	-	670,093	670,093
Fees from Governmental Agencies	-	179,409	197,447	270,974	208,581	117,322	-	-	-	973,733
Government Assistance - PPP	5,604	47,446	13,366	27,123	26,785	11,745	1,175	590	39,369	173,203
Miscellaneous Income	3,725	-	-	2,165	-	4,075	-	3,790	3,381	17,136
United Way	-	-	-	-	3,618	1,924	931	-	-	6,473
Grants-Private	-	-	-	-	-	-	-	15,901	-	15,901
Contributions	13,300	-	-	625	-	1,425	395	-	-	15,745
Interest Income	86	-	-	-	-	-	-	-	-	86
Total Support and Revenues	22,715	226,855	210,813	300,887	451,391	785,075	103,401	20,281	940,151	3,061,569
EXPENSES										
Program Services										
Instruction and Student Activities	28,719	263,825	77,924	146,720	363,741	495,454	70,376	16,093	689,414	2,152,266
Staff Development and Professional Fees	-	2,879	1,346	3,176	1,278	116,533	1,371	-	4,008	130,591
Other Program Costs	4,995	17,680	11,118	12,336	6,666	50,541	13,470	6,059	90,623	213,488
Occupancy	-	9,030	4,320	9,031	-	14,515	6,367	-	28,161	71,424
Direct Depreciation	-	7,842	2,730	7,372	297	21,379	4,553	1,040	39,557	84,770
Total Program Services	33,714	301,256	97,438	178,635	371,982	698,422	96,137	23,192	851,763	2,652,539
Support Services										
General Administrative	-	38,052	14,012	23,691	46,613	81,625	12,163	3,005	129,531	348,692
Proceeds from Disposal of Property and Equipment	569	-	-	-	-	-	-	-	-	569
(Gain) Loss on Disposal of Property and Equipment	(198)	-	-	-	-	-	-	-	-	(198)
Total Support Services	371	38,052	14,012	23,691	46,613	81,625	12,163	3,005	129,531	349,063
Total Expenses	34,085	339,308	111,450	202,326	418,595	780,047	108,300	26,197	981,294	3,001,602
Excess (Deficiency) of Support and Revenues Over Expenses	(11,370)	(112,453)	99,363	98,561	32,796	5,028	(4,899)	(5,916)	(41,143)	59,967
Net Assets, Beginning of Year	1,295,527	(862,727)	190,625	798,375	(67,583)	61,351	(74,962)	24,957	583,295	1,948,858
Net Assets, End of Year	$ 1,284,157	$ (975,180)	$ 289,988	$ 896,936	$ (34,787)	$ 66,379	$ (79,861)	$ 19,041	$ 542,152	$ 2,008,825

See Independent Auditor's Report

SECOND START

SCHEDULE OF SUPPORT AND REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	General & Building	*Special Education*	*T.E.T Program*	*Alternative High School*	*Student Assistance*	*Adult Basic Education*	*Adult Learner*	*Welcoming Concord*	*Daycare*	*Total*
SUPPORT AND REVENUES										
Grants from Governmental Agencies	$ -	$ -	$ -	$ -	$ 198,240	$ 617,721	$112,314	$ -	$ 218,361	$ 1,146,636
Private Fees	-	-	-	-	-	-	-	-	922,240	922,240
Fees from Governmental Agencies	-	165,322	237,673	289,875	181,957	45,074	-	-	-	919,901
Miscellaneous Income	22,272	-	-	67	-	10,061	-	10,290	2,178	44,868
United Way	-	-	-	-	22,743	9,291	-	-	-	32,034
Grants-Private	-	-	-	-	12,500	-	-	10,000	-	22,500
Contributions	9,806	-	688	688	5,232	318	50	-	130	16,912
Interest Income	122	-	-	-	-	-	-	-	-	122
Total Support and Revenues	32,200	165,322	238,361	290,630	420,672	682,465	112,364	20,290	1,142,909	3,105,213
EXPENSES										
Program Services										
Instruction and Student Activities	7,910	249,045	105,802	122,220	382,497	355,956	82,620	17,942	850,890	2,174,882
Staff Development and Professional Fees	-	4,340	1,307	3,601	2,934	151,496	468	-	17,428	181,574
Other Program Costs	7,155	19,069	12,787	12,541	9,926	51,073	11,769	3,480	97,429	225,229
Occupancy	-	8,075	4,037	8,075	-	20,859	3,022	-	34,727	78,795
Direct Depreciation	-	7,786	2,596	7,316	298	21,036	4,403	867	40,961	85,263
Total Program Services	15,065	288,315	126,529	153,753	395,655	600,420	102,282	22,289	1,041,435	2,745,743
Support Services										
General Administrative	-	44,716	20,444	24,540	56,752	86,273	13,696	3,334	147,841	397,596
(Gain) Loss on Disposal of Property and Equipment	2,114	-	-	-	-	-	-	-	-	2,114
Total Support Services	2,114	44,716	20,444	24,540	56,752	86,273	13,696	3,334	147,841	399,710
Total Expenses	17,179	333,031	146,973	178,293	452,407	686,693	115,978	25,623	1,189,276	3,145,453
Excess (Deficiency) of Support and Revenues Over Expenses	15,021	(167,709)	91,388	112,337	(31,735)	(4,228)	(3,614)	(5,333)	(46,367)	(40,240)
Net Assets, Beginning of Year	1,280,506	(695,018)	99,237	686,038	(35,848)	65,579	(71,348)	30,290	629,662	1,989,098
Net Assets, End of Year	$ 1,295,527	$ (862,727)	$ 190,625	$ 798,375	$ (67,583)	$ 61,351	$ (74,962)	$ 24,957	$ 583,295	$ 1,948,858

See Independent Auditor's Report