SECOND START

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020

INDEX TO FINANCIAL STATEMENTS

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, 2021 and 2020, 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, 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.

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 24 and 25 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

Concord, New Hampshire

December 17, 2021

SECOND START

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,184,121	$ 873,115
Accounts Receivable	42,351	39,022
Grants Receivable	225,180	109,957
Prepaid Expenses	56,013	24,131
Total Current Assets	1,507,665	1,046,225
PROPERTY AND EQUIPMENT		
Property and Equipment	3,215,629	3,307,581
Less Accumulated Depreciation	(1,750,859)	(1,791,395)
Net Property and Equipment	1,464,770	1,516,186
TOTAL ASSETS	2,972,435	2,562,411

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts Payable	82,940	6,612
Accrued Expenses	215,832	216,036
Deferred Revenue - Paycheck Protection Program (PPP) Loan	188,156	312,897
Other Deferred Contributions and Revenue	65,735	18,041
TOTAL LIABILITIES	552,663	553,586
NET ASSETS		
Net Assets Without Donor Restrictions	2,419,772	2,008,825
TOTAL NET ASSETS	2,419,772	2,008,825
TOTAL LIABILITIES AND NET ASSETS	$ 2,972,435	$ 2,562,411

SECOND START

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS SUPPORT AND REVENUE		
Grants from Governmental Agencies	$ 1,345,384	$ 1,189,199
Private Fees	695,050	670,093
Fees from Governmental Agencies	1,027,464	973,733
Government Assistance - COVID-19 Funding	747,925	173,203
Miscellaneous Income	20,553	17,136
Private Grants	14,000	15,901
Contributions	35,081	15,745
United Way	24,016	6,473
Interest Income	804	86
Total Support and Revenue	3,910,277	3,061,569
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of Program Restrictions	-	21,044
Expiration of Time Restrictions	-	20,000
Total Net Assets Released from Restrictions	-	41,044
TOTAL SUPPORT, REVENUE, AND OTHER NET ASSETS WITHOUT DONOR RESTRICTIONS	3,910,277	3,102,613
FUNCTIONAL EXPENSES AND LOSSES		
Functional Expenses		
Program Services	3,098,978	2,652,539
Management and General	395,742	349,261
Total Functional Expenses	3,494,720	3,001,800
Other (Income) Expenses		
(Gain) Loss on Disposal of Property and Equipment	4,610	(198)
TOTAL FUNCTIONAL EXPENSES AND LOSSES	$ 3,499,330	$ 3,001,602

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SECOND START

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
INCREASE (DECREASE) IN TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS	$ 410,947	$ 101,011
CHANGE IN ASSETS WITH DONOR RESTRICTIONS DONOR RESTRICTIONS		
Net Assets Released from Restrictions	-	(41,044)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	-	(41,044)
INCREASE (DECREASE) IN TOTAL NET ASSETS	410,947	59,967
NET ASSETS, BEGINNING OF YEAR	2,008,825	1,948,858
NET ASSETS, END OF YEAR	$ 2,419,772	$ 2,008,825

The Accompanying Notes are an Integral Part of These Financial Statements

SECOND START
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Advertising	$ 2,426	$ 196	$ -	$ 2,622
Conference and Meeting	21,918	-	-	21,918
Depreciation	84,025	35,840	-	119,865
Bad Debt	1,505	-	-	1,505
Dues and Membership	11,400	4,887	-	16,287
Employee Benefits	221,693	27,658	-	249,351
Information Technology	16,931	6,416	-	23,347
Instructional Materials	7,506	-	-	7,506
Insurance	42,657	3,884	-	46,541
Miscellaneous	831	516	-	1,347
Occupancy	107,222	32,046	-	139,268
Office	10,037	5,450	-	15,487
Payroll Taxes	153,345	17,368	-	170,713
Professional Fees	151,210	19,842	-	171,052
Salaries and Wages	2,078,519	238,586	-	2,317,105
Staff Development	6,194	363	-	6,557
Stipends and Discounts	180	-	-	180
Supplies	169,136	2,690	-	171,826
Travel	12,243	-	-	12,243
Total Functional Expenses	$ 3,098,978	$ 395,742	$ -	$ 3,494,720

SECOND START

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

	Program Services	Management and General	Fundraising	Total
Advertising	$ 5,239	$ 75	$ -	$ 5,314
Conference and Meeting	22,112	-	-	22,112
Depreciation	84,770	35,636	-	120,406
Bad Debt	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	45,607	3,809	-	49,416
Miscellaneous	3,300	-	-	3,300
Occupancy	75,777	25,097	-	100,874
Office	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	77,613	3,850	-	81,463
Travel	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

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	$ 410,947	$ 59,967
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	119,865	120,406
(Gain) Loss on Disposal of Property and Equipment	4,610	(198)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(3,329)	10,615
Grants Receivable	(115,223)	3,606
Unconditional Pledges Receivable, Current Portion	-	20,000
Prepaid Expenses	(31,882)	(11,845)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	76,331	(51,621)
Accrued Expenses	(204)	27,222
Deferred Revenue - Paycheck Protection Program (PPP) Loan	(124,741)	-
Other Deferred Contributions and Revenue	47,694	297,393
Total Adjustments	(26,879)	415,578
Net Cash Provided by (Used in) Operating Activities	384,068	475,545
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Property and Equipment	-	569
Purchases of Property and Equipment	(73,062)	(22,051)
Net Cash Provided by (Used in) Investing Activities	(73,062)	(21,482)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	311,006	454,063
Cash and Cash Equivalents, Beginning of Year	873,115	419,052
Cash and Cash Equivalents, End of Year	$ 1,184,121	$ 873,115

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 Education and Literacy (AEL) – The Adult Education and Literacy Program includes both Adult Basic Education (ABE) and Adult Learner Services (ALS). The ABE 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. The ALS 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. Under this program, the Organization also must comply with the regulations outlined in the Workforce Innovation and Opportunity Act.

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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.

Contract Assets and Liabilities
Accounts Receivable – Trade
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 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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Deferred Revenue
Deferred revenue represents payments received from customers prior to the satisfaction of the corresponding performance obligations. Revenue is recognized once the corresponding performance obligations are satisfied based on the contract with the customer.

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:

Net assets without donor restrictions 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 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 $188,156 and $312,897 for the years ended June 30, 2021 and 2020, respectively. Deferred revenue from exchange transactions was $65,735 and $18,041 for the years ended June 30, 2021 and 2020, respectively.

Revenue Recognition Policy

The Organization recognizes revenue under FASB Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* from its First Start Children's Center, adolescent services, adult education services, and New American Driving School.

All of the Organization's contracts are one year or less. A description of relevant contracts is below.

The First Start Children's Center provides childcare services for early education, preschool, and elementary age students from the greater Concord area in a full-service childcare center. Revenue generated from childcare services is primarily comprised of direct weekly tuition payments from parents and fees subsidized by the State of New Hampshire. Revenue from childcare services are considered one performance obligation although services provided to the students may include a variety of academic and extracurricular activities that cater to the needs of the students.

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Daycare revenue is recognized over time as long as the student is enrolled in the program. Tuition is billed on a weekly basis and the Organization has an enforceable right to payment until the time the student provides notice of cancellation even if the child is absent due to personal time or sickness. Childcare services can be cancelled at any time; however, the customer is responsible for the tuition and/or expenses incurred by the Organization prior to cancellation. Refundable deposits are collected prior to enrollment in order to hold a child's place in the program and are included in deferred revenue on the statement of financial position. Revenue is recognized from deposits if the child has an outstanding balance upon leaving the program or if the family does not notify the Organization of cancellation of enrollment within two weeks from the preferred start date. Overall, there is no significant impact from deposits to the financial statements. Sibling discounts of 10% of the lower tuition is offered to families; however, the discount cannot be applied to any additional fees such as late fees. In addition, staff can receive an additional 15% discount, adjusted after any sibling discount received. There is no significant impact from discounts to the financial statements as they are recognized weekly and are not dependent on past or future services.

The Organization provides educational programs to adolescent students through their Alternative High School (AHS), Transitional Employment and Training programs (TET), and Student Assistance Programs (SAPs). Services for the AHS, TET, and SAP programs are offered to students through the Organization's on-site classrooms and through off-site SAP instructional programs administered at local school districts in the greater Concord area. The Department of Education sets a fixed fee rate for special education, which is part of the AHS program. Revenue from adolescent programs is considered a single performance obligation although services provided to the students may include a variety of academic, extracurricular, and counseling activities that cater to the needs of the students. The Organization has a contract with a local school district to provide on-site AHS, TET, and SAP services to a set number of students that is renewed for every academic year. The fees to provide these services are established prior to the school year are paid to the Organization bi-annually. The Organization can also provide these services under contracts with local school districts whereby tuition is based on the number of students enrolled. Revenue for these services is billed and consumed within the Organization's fiscal year.

Additionally, the Organization has contracts with local school districts to provide off-site SAPs during a specific number of schools during the academic year. The fees to provide these services are established prior to the school year and are paid to the Organization on a monthly basis as services are provided.

The Organization provides educational programs to adult students through their High School Equivalency Test (HiSET) preparation, Adult Diploma programs, English as a Second Language classes, and Adult Learner Services that provide tutoring and one-on-one assistance to New Hampshire residents. These programs are offered to student through the Organization's on-site or virtual classrooms. Revenue from adult programs is considered a single performance obligation although services provided to the students may include a variety of academic and instructional activities that cater to the needs of the students. Revenue is recognized over time for these services.

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The Organization is also a test administration center for students to test for their HiSET administered by the Educational Testing Service (ETS). Tests are scheduled over the course of two days and appointments and exam fees are administered by ETS. HiSET testing is considered a single obligation as the Organization is only responsible for administering the test to participants. Revenue from HiSET testing is recognized at the point in time and is received once the participant has completed the test.

The Organization provides driver education classes to New American adults through an eight week course that includes classroom instruction and in-car driving observation. The cost of the course can be paid in full at the time of registration or in three equal installments over the course of the instruction. Services provided through the New American Driving School is considered a single obligation because both classroom and in-car driving observation is required in order to receive a driver's license through the State of New Hampshire. Revenue is recognized over time as the students receive the benefits of the program. Overall, revenue received from the New American Driving School is immaterial to the financial statements.

All of the Organization's contracts are one year or less in length. As a result, costs associated to obtain a contract is recognized as expense in the period incurred. The quoted transaction prices for childcare services and tuition fees do not include variable considerations and there is no allocation of discounts or non-cash considerations. The Organization does not have any significant financing components to its contracts. The input method is used for all programs that are recognized over time based on the number of students enrolled.

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.

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, 2021 and 2020.

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Advertising
The Organization conducts non-direct response advertising. These costs are expensed as incurred. Advertising costs was $2,622 and $5,314 for the years ended June 30, 2021 and 2020, 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.

C | ADOPTION OF NEW ACCOUNTING STANDARD

In May 2014, FASB established ASC Topic 606, *Revenue from Contracts with Customers*. ASC 606 and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASC also required expanded disclosures related to the nature, amount, time, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020, using the modified retrospective approach.

As part of the adoption of ASC 606, the Organization elected the following transitional practical expedients: (i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining the transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

Management has assessed the impact of ASC 606 and has determined that ASC 606 would have no material impact in the timing or measurement of revenues based upon guidance. As a result, there were no material effects on the Organization's financial statements in the year of implementation.

D | COVID-19 GOVERNMENT GRANTS

The Organization received loan proceeds in the amounts of $490,310 and $486,100, for the years ended June 30, 2021 and 2020, respectively, 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. Additionally, the Organization was required to maintain certain payroll levels and employee levels. Amounts not meeting this criteria are considered to be a loan and require repayment.

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Management applied for and received the funds with the intent that the funds would be expended in a manner that would qualify for forgiveness and therefore elected to record the proceeds of the PPP loan as an in-substance government grant. Under this method, the PPP loan is initially recognized as a deferred income liability. Subsequently, the Organization reduced the liability and recognized grant income on the statements of activities and changes in net assets as the Organization recognized the related expenses for which loan forgiveness is allowed. The Organization spent all of the PPP 1 $486,100 proceeds for qualifying expenses and was fully forgiven by the Small Business Administration as of June 30, 2021. The Organization expects they will receive full forgiveness for the remaining PPP 2 funds.

For the years ended June 30, 2021 and 2020, the Organization spent $615,052 and $173,203 of qualifying expenses against these loans. The amount of deferred income liability related to the PPP loans was $188,156 and $312,897, for the years ended June 30, 2021 and 2020, respectively.

The Organization was approved for the New Hampshire Department of Education Special Education Provider Fund grant of $37,457. The grant award was based on qualifying expenses incurred for the year ended June 30, 2021. Therefore, the Organization does not believe there are any remaining restrictions or requirements for the grant. As a result, the entire amount of the grant was recognized as income for the year ended June 30, 2021.

The Organization was also approved for a Child Care Recovery and Stabilization Program (CCRSP) grant of $57,250 and a Covid-19 Child Care Assistance Supplement (CCCAS) grant of $38,167 through the federal Coronavirus Act Relief, and Economic Security Act (CARES) Act. These grant awards follow the same requirements and were based on qualifying expenses incurred and income losses incurred for the year ended June 30, 2021. The Organization does not believe there are any remaining restrictions or requirements for these grants. As a result, the entire amount of these grants, totaling $95,417, were recognized as income for the year ended June 30, 2021.

On March 29, 2021, the Organization was approved for a Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) grant from the New Hampshire Department of Health and Human Services totaling $53,200. This grant award was recorded as deferred revenue and was not expended as of June 30, 2021. This award and its expenditures must comply with the scope of allowable funds as detailed in the Child Care Recovery and Stabilization Program (CCRSP).

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E | ACCOUNTS RECEIVABLE, CONTRACT ASSETS, AND LIABILITIES

The timing of revenue recognition, billings, and cash collections resulted in billed accounts receivable and deferred contributions and revenue on the Statements of Financial Position. Amounts are billed as services progress in accordance with agreed-upon contractual terms at monthly periodic intervals. Generally, billing occurs concurrent to revenue recognition, resulting in no contract assets. However, sometimes the Organization receives advance deposits from its customers, before revenue is recognized, resulting in deferred contributions and revenue (contract liabilities). These advanced contributions are liquidated when revenue is recognized.

	2021	2020	$ Change
Accounts Receivable	$ 42,351	$ 39,022	$ 3,329
Other Deferred Contributions and Revenue	65,735	18,042	47,693

The Organization expects to collect all of the consideration under their contracts. Accounts Receivable increased by $3,329 for the year ended June 30, 2021 due to timing. Other deferred contributions and revenue increased by $47,693 mainly due to timing.

F | PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2021	2020
Building and Improvements	$ 1,717,616	$ 1,681,778
Leasehold Improvements	965,245	965,822
Land	210,000	210,000
Furniture and Equipment	322,768	449,981
Total Property and Equipment	3,215,629	3,307,581
Less Accumulated Depreciation	(1,750,859)	(1,791,395)
Net Property and Equipment	$ 1,464,770	$ 1,516,186

Depreciation expense was $119,865 and $120,406 for the years ended June 30, 2021 and 2020, respectively.

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G | 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, 2021 and 2020. The interest rate formula is based at 0.50% over the Wall Street Journal prime rate, which was 3.75% at June 30, 2021 and 2020. The agreement is collateralized by all business assets of the Organization. The Organization had no outstanding balance as of June 30, 2021 and 2020.

H | DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization's revenue based on service line and timing of satisfaction of performance obligations for the years ended June 30:

	2021	2020
Services Transferred at a point in time		
High School Equivalent Test (HiSET) - Fees	$ 9,549	$ 11,446
Service transferred over time		
Childcare/Daycare services	695,050	670,093
Student Assistance Program (SAP)	256,368	208,581
Alternative High School (AHS)	254,799	270,974
Transitional Employment & Training (T.E.T.)	219,653	197,447
High School Equivalent Test (HiSET)	139,820	105,875
Welcoming Concord	12,540	3,790
Total Revenue	$ 1,587,779	$ 1,468,206

Various economic factors affect revenues and cash flows. There is no third-party financing and revenue and cash flows are generally concurrent. Services occur and transfer to the customer over various periods of time, depending on the program. Revenues and cash flows occur upon completion of the services.

I | CORPORATE ORGANIZATION

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

(Continued on next page)

J | NET ASSETS

There were no net assets with donor restrictions for the years ended June 30, 2021 and 2020. Additionally, there were $100,017 and $40,364 of Board Designated Funds set aside for capital and other repairs and maintenance projects at June 30, 2021 and 2020, respectively.

K | 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 Organization operates the AHS and TET programs out of this location. The improvements were capitalized with a five to thirty-year depreciable life. Depreciation expense was $7,796 and $9,800 for the years ended June 30, 2021 and 2020, respectively.

L | 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, 2021 and 2020, 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, 2021 and 2020.

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 2017.

(Continued on next page)

M | 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, 2021 and 2020.

N | LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

	2021	2020
Cash and Cash Equivalents	$ 1,184,121	$ 873,115
Accounts Receivable	42,351	39,022
Grants Receivable	225,180	109,957
Prepaid Expenses	56,013	24,131
Financial assets, at year end	1,507,665	1,046,225
Less those unavailable for general expenditures within one year due to:		
Board designated funds	(100,017)	(40,364)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,407,648	$ 1,005,861

The Organization has financial assets on hand equal to approximately 5 months of operating expenses, which totaled $3,514,436 for the year ending June 30, 2021. The Organization has financial assets on hand equal to approximately 4 months of operating expenses, which totaled $3,001,800 for the year ending 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, 2021, there were $100,017 of Board Designated Funds set aside for capital and other repairs and maintenance projects. 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.

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O | 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.

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.

P | CONCENTRATIONS

Cash
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, 2021 and 2020, the Organization had uninsured balances of $989,501 and $641,647, respectively.

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Accounts Receivable
Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of accounts receivable. The Organization performs ongoing credit evaluations of its customers, and generally does not require collateral. Historically, credit losses have not been significant. Approximately 88% and 75% of the accounts receivables were grants receivable from the State of New Hampshire for the years ended June 30, 2021 and 2020, respectively.

Major Source of Funding
The major source of funds for the Organization's operations is made available by federal and state government grants. The State of New Hampshire Department of Education (DOE) provides 22% and 24% of the total support and revenue received for the years ended June 30, 2021 and 2020, respectively. The Business Administration (SBA) Paycheck Protection Program (PPP) provides 16% of the total support and revenue received for the year ending June 30, 2021. The availability of funding is contingent upon federal or state authorization for program activity and appropriation of funds.

Major Customers
Tuition and fee revenue from Concord School District, one of Second Start's major customers, represented 19% and 22% of the Organization's total support and revenue for the years ended June 30, 2021 and 2020, respectively.

Q | COVID-19 CONSIDERATIONS

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. While the spread of the virus has caused business disruptions across the United States, the Organization has not experienced any significant interruptions to their activities as of the years ended June 30, 2021 and 2020. While there remains considerable uncertainty around the duration of this pandemic, there are no ongoing concerns with the Organizations ability to continue operations for a period of one year from the date of these financial statements.

In response to COVID-19, the Organization applied for and received funding through the Paycheck Protection Program ("PPP"). The organization used the funds as stipulated and expects to receive full forgiveness for the PPP funds.

R | RECLASSIFICATIONS

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 presentation. These reclassifications had no effect on the reported results of previously reported net assets.

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S | SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2021, the date which the financial statements were available to be issued, and has not evaluated subsequent events after that date. The Organization did not identify any subsequent events that would require disclosure in the financial statements.

SECOND START

SCHEDULE OF SUPPORT AND REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	General & Building	*Special Education*	*T.E.T Program*	*Alternative High School*	*Student Assistance*	*Adult Education & Literacy*	*Welcoming Concord*	*Daycare*	*Total*
SUPPORT AND REVENUES									
Grants from Governmental Agencies	$ -	$ -	$ -	$ 1,125	$ 273,791	$ 868,806	$ -	$ 201,662	$ 1,345,384
Private Fees	-	-	-	-	-	-	-	695,050	695,050
Fees from Governmental Agencies	-	147,275	219,653	254,799	256,368	149,369	-	-	1,027,464
Government Assistance - COVID-19 Funding	3,620	128,077	27,731	45,377	77,134	32,031	6,773	427,182	747,925
Miscellaneous Income	3,873	-	-	-	-	940	12,540	3,200	20,553
Private Grants	-	-	-	-	-	-	14,000	-	14,000
Contributions	20,749	-	-	2,815	-	9,000	2,500	17	35,081
United Way	-	-	-	10,150	-	13,866	-	-	24,016
Interest Income	804	-	-	-	-	-	-	-	804
Total Support and Revenues	29,046	275,352	247,384	314,266	607,293	1,074,012	35,813	1,327,111	3,910,277
EXPENSES									
Program Services									
Instruction and Student Activities	15,770	250,417	80,745	122,807	447,475	571,895	19,765	944,900	2,453,774
Staff Development and Professional Fees	-	2,331	1,249	3,093	3,543	181,374	-	4,666	196,256
Other Program Costs	2,511	23,613	12,352	19,584	5,782	113,481	1,712	85,915	264,950
Occupancy	-	9,000	4,451	9,000	-	38,857	-	38,664	99,972
Direct Depreciation	-	7,456	2,685	6,611	279	27,083	1,040	38,871	84,025
Total Program Services	18,281	292,817	101,482	161,095	457,079	932,690	22,517	1,113,016	3,098,977
Support Services									
General Administrative	-	43,783	15,921	23,882	63,684	115,428	3,980	133,675	400,353
Total Expenses	18,281	336,600	117,403	184,977	520,763	1,048,118	26,497	1,246,690	3,499,330
Excess (Deficiency) of Support and Revenues Over Expenses	10,765	(61,248)	129,981	129,289	86,530	25,894	9,316	80,420	410,947
Net Assets, Beginning of Year	1,284,157	(975,180)	289,988	896,936	(34,787)	(13,482)	19,041	542,152	2,008,825
Net Assets, End of Year	$ 1,294,922	$ (1,036,428)	$ 419,969	$ 1,026,225	$ 51,743	$ 12,412	$ 28,357	$ 622,572	$ 2,419,772

See Independent Auditor's Report

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 Education & Literacy*	*Welcoming Concord*	*Daycare*	*Total*
SUPPORT AND REVENUES									
Grants from Governmental Agencies	$ -	$ -	$ -	$ -	$ 212,407	$ 749,484	$ -	$ 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	12,920	590	39,369	173,203
Miscellaneous Income	3,725	-	-	2,165	-	4,075	3,790	3,381	17,136
United Way	-	-	-	-	3,618	2,855	-	-	6,473
Grants-Private	-	-	-	-	-	-	15,901	-	15,901
Contributions	13,300	-	-	625	-	1,820	-	-	15,745
Interest Income	86	-	-	-	-	-	-	-	86
Total Support and Revenues	22,715	226,855	210,813	300,887	451,391	888,476	20,281	940,151	3,061,569
EXPENSES									
Program Services									
Instruction and Student Activities	28,719	263,825	77,925	146,720	363,741	565,829	16,093	689,414	2,152,266
Staff Development and Professional Fees	-	2,879	1,346	3,176	1,278	117,904	-	4,008	130,591
Other Program Costs	4,995	17,680	11,117	12,336	6,666	64,012	6,059	90,623	213,488
Occupancy	-	9,030	4,320	9,031	-	20,882	-	28,161	71,424
Direct Depreciation	-	7,842	2,730	7,372	297	25,932	1,040	39,557	84,770
Total Program Services	33,714	301,256	97,438	178,635	371,982	794,559	23,192	851,763	2,652,539
Support Services									
General Administrative	-	38,052	14,012	23,691	46,613	93,788	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	93,788	3,005	129,531	349,063
Total Expenses	34,085	339,308	111,450	202,326	418,595	888,347	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	129	(5,916)	(41,143)	59,967
Net Assets, Beginning of Year	1,295,527	(862,727)	190,625	798,375	(67,583)	(13,611)	24,957	583,295	1,948,858
Net Assets, End of Year	$ 1,284,157	$ (975,180)	$ 289,988	$ 896,936	$ (34,787)	$ (13,482)	$ 19,041	$ 542,152	$ 2,008,825

See Independent Auditor's Report