

THE BOTTOM LINE, INC.

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
(WITH INDEPENDENT AUDITORS' REPORT THEREON)**

THE BOTTOM LINE, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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Bruce D. Norling, CPA, P.C.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Bottom Line, Inc.
Boston, Massachusetts

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

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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2021, the Organization adopted ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bottom Line, Inc. 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.

Bruce D. Norling, CPA, P.C.

January 14, 2022

THE BOTTOM LINE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 10,483,022	\$ 7,135,645
Contributions Receivable, Net	4,322,153	3,842,779
Employee Retention Credit Receivable	1,065,472	-
Prepaid Expenses	238,123	149,348
Total Current Assets	16,108,770	11,127,772
PROPERTY AND EQUIPMENT		
Furniture and Equipment	848,561	848,561
Leasehold Improvements	424,851	424,851
Total Property and Equipment	1,273,412	1,273,412
Less: Accumulated Depreciation	(1,058,582)	(943,340)
Total Property and Equipment, Net	214,830	330,072
INTANGIBLES		
Database and Website	424,305	423,955
Less: Accumulated Amortization	(394,236)	(349,404)
Total Intangibles, Net	30,069	74,551
OTHER ASSETS		
Deposits	67,234	67,234
Contributions Receivable, Long-Term, Net	986,941	1,105,459
Total Other Assets	1,054,175	1,172,693
TOTAL ASSETS	\$ 17,407,844	\$ 12,705,088
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 157,520	\$ 159,072
Accrued Expenses	601,424	596,613
Paycheck Protection Program Loan	-	1,810,700
Total Current Liabilities	758,944	2,566,385
LONG-TERM LIABILITIES		
Deferred Rent	253,775	277,595
Total Long-Term Liabilities	253,775	277,595
TOTAL LIABILITIES	1,012,719	2,843,980
NET ASSETS		
Net Assets Without Donor Restrictions	10,084,569	4,661,975
Net Assets With Donor Restrictions	6,310,556	5,199,133
Total Net Assets	16,395,125	9,861,108
TOTAL LIABILITIES AND NET ASSETS	\$ 17,407,844	\$ 12,705,088

The accompanying notes are an integral part of these financial statements.

THE BOTTOM LINE, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Net Assets without	Net Assets with	Total	Net Assets without	Net Assets with	Total
	Donor Restrictions	Donor Restrictions	Total	Donor Restrictions	Donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 9,419,156	\$ 4,234,000	\$ 13,653,156	\$ 8,244,086	\$ 2,910,240	\$ 11,154,326
Scholarship Contributions	180,669		180,669	130,831		130,831
Program Revenue	414,503		414,503	490,508		490,508
Government Grants	2,068,405		2,068,405			
Special Events						
Revenue	1,328,144		1,328,144	998,868		998,868
Direct Expenses of Special Events	(159,352)		(159,352)	(150,956)		(150,956)
Special Events, Net	1,168,792		1,168,792	847,912		847,912
In-Kind Income				300,000		300,000
Interest and Other Income	13,195		13,195	27,944		27,944
Net Assets Released from Restriction	3,122,577	(3,122,577)	-	3,059,792	(3,059,792)	-
Total Revenue and Support	16,387,297	1,111,423	17,498,720	13,101,073	(149,552)	12,951,521
EXPENSES						
Program Services	10,588,989		10,588,989	11,604,627		11,604,627
Administration	485,869		485,869	534,868		534,868
Fundraising	1,700,545		1,700,545	1,872,042		1,872,042
Total Expenses	12,775,403		12,775,403	14,011,537		14,011,537
CHANGES IN NET ASSETS BEFORE EXTINGUISHMENT OF DEBT						
Gain from Extinguishment of Debt	3,611,894	1,111,423	4,723,317	(910,464)	(149,552)	(1,060,016)
	1,810,700		1,810,700			
TOTAL INCREASE (DECREASE) IN NET ASSETS	5,422,594	1,111,423	6,534,017	(910,464)	(149,552)	(1,060,016)
NET ASSETS, BEGINNING OF YEAR	4,661,975	5,199,133	9,861,108	5,572,439	5,348,685	10,921,124
NET ASSETS, END OF YEAR	\$ 10,084,569	\$ 6,310,556	\$ 16,395,125	\$ 4,661,975	\$ 5,199,133	\$ 9,861,108

The accompanying notes are an integral part of these financial statements.

THE BOTTOM LINE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 6,534,017	\$ (1,060,016)
Adjustments to Reconcile changes in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation and Amortization	160,074	165,297
Contributions Restricted for Long-Term Purposes	(986,941)	(1,105,459)
Gain from Extinguishment of Debt	(1,810,700)	-
(Increase) Decrease in Operating Assets:		
(Increase) Decrease Contributions Receivable	626,085	1,629,948
(Increase) Decrease ERC receivable	(1,065,472)	-
(Increase) Decrease Prepaid Expenses	(88,775)	(4,254)
(Increase) Decrease Deposits	-	(8,513)
Increase (Decrease) in Operating Liabilities;		
Increase (Decrease) Accounts Payable	(1,552)	51,480
Increase (Decrease) Accrued Expenses	4,811	199,951
Increase (Decrease) Deferred Rent	(23,820)	1,962
Net Cash Provided by Operating Activities	<u>3,347,727</u>	<u>(129,604)</u>
 CASH FLOWS USED IN INVESTMENT ACTIVITIES		
Purchase of Property, Equipment and Intangibles	<u>(350)</u>	<u>(39,169)</u>
Net Cash Used in Investment Activities	(350)	(39,169)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program Loan Proceeds	<u>-</u>	<u>1,810,700</u>
 NET INCREASE IN CASH	3,347,377	1,641,927
 CASH, Beginning of year	<u>7,135,645</u>	<u>5,493,718</u>
 CASH, End of year	<u><u>\$ 10,483,022</u></u>	<u><u>\$ 7,135,645</u></u>
 Supplemental Information		
Non-Cash Activity:		
Contributions Receivable Restricted for Long-Term Purposes	<u><u>\$ 986,941</u></u>	<u><u>\$ 1,105,459</u></u>

The accompanying notes are an integral part of these financial statements.

THE BOTTOM LINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

EXPENSES	Program Services	Administration	Fundraising	Total
Salaries and Related Expenses				
Salaries and Wages	\$ 6,916,294	\$ 337,380	\$ 1,180,831	\$ 8,434,505
Payroll Taxes and Benefits	1,225,910	59,800	209,302	1,495,012
Payroll Processing Fees	25,884	1,263	4,419	31,566
Total Salaries and Related Expenses	8,168,088	398,443	1,394,552	9,961,083
Program Expenses				
Events	45,418	-	-	45,418
Scholarships	491,373	-	-	491,373
Fee Assistance	8,692	-	-	8,692
Campus Travel	608	-	-	608
Supplies	81,294	-	-	81,294
Student Recruitment	1,270	-	-	1,270
Total Program Expenses	628,655	-	-	628,655
Occupancy				
Rent	687,824	33,552	117,433	838,809
Utilities	17,897	873	3,056	21,826
Repairs and Maintenance	6,465	315	1,104	7,884
Depreciation and Amortization	131,261	6,403	22,410	160,074
Parking	8,298	405	1,417	10,120
Total Occupancy Expenses	851,745	41,548	145,420	1,038,713
Operational				
Consultants and Temporary Staffing	258,284	12,599	44,097	314,980
Bank and Credit Card Fees	38,385	1,872	6,554	46,811
Bad Debt Expense	27,823	1,357	4,750	33,930
Advertising and Public Relations	-	-	-	-
Insurance	43,649	2,129	7,452	53,230
Training and Development	98,946	4,827	16,893	120,666
Dues and Subscriptions	52,659	2,569	8,991	64,219
Postage and Printing	12,327	601	2,105	15,033
Professional Fees	25,397	1,239	4,336	30,972
Leases - Equipment Rental	37,083	1,809	6,331	45,223
Staff Training and Events	27,181	1,326	4,641	33,148
Staff Travel	2,010	98	343	2,451
Staff Recruitment	17,769	867	3,034	21,670
Office Supplies	5,320	260	908	6,488
Computer Supplies and Software	184,724	9,011	31,538	225,273
Telecommunications	66,505	3,244	11,354	81,103
Board Expenses	42,439	2,070	7,246	51,755
Licenses and Fees	-	-	-	-
Total Operational Expenses	940,501	45,878	160,573	1,146,952
TOTAL EXPENSES	\$ 10,588,989	\$ 485,869	\$ 1,700,545	\$ 12,775,403

The accompanying notes are an integral part of these financial statements.

THE BOTTOM LINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

EXPENSES	<u>Program Services</u>	<u>Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Related Expenses				
Salaries and Wages	\$ 7,313,771	\$ 356,769	\$ 1,248,693	\$ 8,919,233
Payroll Taxes and Benefits	1,349,813	65,845	230,456	1,646,114
Payroll Processing Fees	26,002	1,268	4,439	31,709
Total Salaries and Related Expenses	<u>8,689,586</u>	<u>423,882</u>	<u>1,483,588</u>	<u>10,597,056</u>
Program Expenses				
Events	55,019	-	-	55,019
Scholarships	347,649	-	-	347,649
Fee Assistance	5,542	-	-	5,542
Campus Travel	107,783	-	-	107,783
Supplies	112,012	-	-	112,012
Student Recruitment	11,823	-	-	11,823
Total Program Expenses	<u>639,828</u>	<u>-</u>	<u>-</u>	<u>639,828</u>
Occupancy				
Rent	764,562	37,296	130,535	932,393
Utilities	27,869	1,359	4,758	33,986
Repairs and Maintenance	12,358	603	2,110	15,071
Depreciation and Amortization	135,543	6,612	23,142	165,297
Parking	6,170	301	1,053	7,524
Total Occupancy Expenses	<u>946,502</u>	<u>46,171</u>	<u>161,598</u>	<u>1,154,271</u>
Operational				
Consultants and Temporary Staffing	388,331	18,943	66,301	473,575
Bank and Credit Card Fees	24,230	1,182	4,137	29,549
Bad Debt Expense	208,382	10,165	35,578	254,125
Advertising and Public Relations	61,381	2,994	10,480	74,855
Insurance	38,681	1,887	6,604	47,172
Training and Development	31,573	1,540	5,391	38,504
Dues and Subscriptions	42,376	2,067	7,235	51,678
Postage and Printing	25,136	1,226	4,291	30,653
Professional Fees	58,450	2,851	9,979	71,280
Leases - Equipment Rental	36,668	1,789	6,261	44,718
Staff Training and Events	39,487	1,926	6,742	48,155
Staff Travel	100,899	4,922	17,227	123,048
Staff Recruitment	42,394	2,068	7,238	51,700
Office Supplies	29,347	1,432	5,010	35,789
Computer Supplies and Software	97,179	4,740	16,592	118,511
Telecommunications	86,898	4,239	14,836	105,973
Board Expenses	15,750	768	2,689	19,207
Licenses and Fees	1,549	76	265	1,890
Total Operational Expenses	<u>1,328,711</u>	<u>64,815</u>	<u>226,856</u>	<u>1,620,382</u>
TOTAL EXPENSES	<u>\$ 11,604,627</u>	<u>\$ 534,868</u>	<u>\$ 1,872,042</u>	<u>\$ 14,011,537</u>

The accompanying notes are an integral part of these financial statements.

THE BOTTOM LINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. SUMMARY OF OPERATIONS

The Bottom Line, Inc. (the Organization), a not-for-profit corporation located in Boston and Worcester, Massachusetts, New York, New York, and Chicago, Illinois, was formed in January 1997 under the laws of the Commonwealth of Massachusetts. The mission of the Organization is to help first-generation college students from low-income backgrounds get into college, graduate, and go far in life. The Organization operates exclusively for charitable and educational purposes and is supported primarily through contributions and fundraising events.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The financial statements of The Bottom Line, Inc. have been prepared on the accrual basis. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claims for receipt, and liabilities are recorded when the obligation is incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions placed on use by its donors, as follows:

Net Assets without Donor Restrictions

Net Assets without Donor Restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets with Donor Restrictions

Net Assets with Donor Restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's restrictions. The Organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the

THE BOTTOM LINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

restriction is reported in the financial statements by reclassifying Net Assets with Donor Restrictions to Net Assets without Donor Restrictions.

Revenue Recognition

The Organization records unconditional contributions, gifts and grants as receivables and revenue. The Organization distinguishes between unconditional contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions are recorded as revenue when the pledge is verified or received. Contributions are considered to be available for use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value, and as of the date the gift is received.

Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are overcome. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement.

Unconditional promises to give with due dates scheduled after the balance sheet date are shown as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the related purpose or time restrictions are met. Donor restricted grants and other contributions are reported as unrestricted revenues if the donor stipulation is accomplished within the same reporting period.

During 2021, a significant number of contributions were provided by a few contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term.

Program Service revenue is recognized at the time the delivery of services has occurred. Special Events revenue is recognized at the time of the Event.

Revenue from loan forgiveness was recognized at the time of approval from the Small Business Administration.

Contributions Receivable

Contributions receivable within one year are recorded at carrying value. Contributions receivable over periods greater than one year are discounted and recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. As of June 30, 2021, Management has determined that \$114,585 is uncollectible, and an allowance for uncollectible contributions receivable is included on the Statement of Financial Position in Contributions Receivable, Net.

THE BOTTOM LINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and equivalents include bank accounts, money market mutual funds, and certificates of deposit purchased with a maturity of three months or less. Interest income on the certificates of deposit is recorded as income when earned.

The Organization maintains cash balances at three financial institutions. The Organization maintains its cash in bank deposit accounts which exceed federally insured limits and in uninsured money market mutual funds. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of June 30, 2021, the uninsured balance is \$9,824,505. The Organization believes it is not exposed to any significant credit risk on its cash balances.

Property and Equipment

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. Maintenance and repairs are expensed as incurred. The useful lives of property and equipment for purposes of computing depreciation are as follows:

Equipment	3 – 5 years
Furniture	7 years
Leasehold improvements	Life of Lease

Depreciation and amortization expense totaled \$115,243 and \$44,831 in 2021, and \$119,847 and \$45,450 in 2020, respectively.

Fair Value of Financial Instruments

The Organization's significant financial instruments are cash and cash equivalents and contributions receivable. The Organization believes that the carrying value of its financial instruments approximates their fair value because of the short-term maturity of those instruments.

Deferred Rent

The Organization recognizes operating lease expense evenly over the term of the lease. Lease escalation amounts not yet paid are included with liabilities as deferred rent.

THE BOTTOM LINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Nonprofit Status and Income Taxes

The Organization is exempt from income taxes as an organization (not a private foundation) formed for charitable purposes and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. Donors may deduct contributions made to the Company within Internal Revenue Code regulations. The Organization is subject to federal and state tax on income from any unrelated business. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2021.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's federal and state income tax returns are generally open to examination for the last three years.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$0 and \$74,855 in 2021 and 2020, respectively.

Expense Recognition and Allocation

The cost of providing the various programs and other activities of the Organization has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program and supporting services benefitted.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities.

Salaries and related benefits are allocated to program services, administration, and fundraising by specific classifications. Program service counselors and managers are assigned to the Organization's Access and Success programs. Other managers within the Organization's three program service regions are classified as either administration or fundraising personnel. Personnel are allocated to program services, administration, and fundraising expenses in accordance with estimated time allocations. Certain specific program expenses relate directly to events, scholarships, campus travel, and student supplies and care packages.

Occupancy costs related to the Organization's three program service regions are allocated based on relative salary and related expense costs.

THE BOTTOM LINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

Operation costs are allocated using various methods. Over time, Bottom Line has established a standard allocation methodology for most indirect operational costs. Consultants and temporary staffing costs are allocated similarly to salaries and related expenses.

Change in Accounting Principles

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The Organization has adopted ASU 2014-09 as of and for the year ended June 30, 2021.

Analysis of various provisions of the adopted ASU resulted in no significant changes in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the ASU.

Upcoming Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The ASU's core principle is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the statements of financial position and disclosing key information. ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021, with early adoption permitted.

The Organization is currently evaluating the effect that the new standards will have on its financial statements and related disclosures.

3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

**THE BOTTOM LINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

Financial assets:

Cash and cash equivalents	\$10,483,022
Accounts receivable	<u>5,387,625</u>
Total financial assets:	<u>15,870,647</u>
Less financial assets held to meet donor-imposed restrictions:	
Net assets with donor restrictions	<u>(6,310,556)</u>
Amount unavailable for general expenditures within one year:	<u>(6,310,556)</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u><u>\$ 9,560,091</u></u>

Bottom Line has a goal to maintain financial assets to meet at least 120 days of normal operating expenses, which are, on average, approximately \$4,320,000. Bottom Line has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. LINE OF CREDIT

The Organization has a revolving line of credit for \$800,000 which is due on demand. As of June 30, 2021, there were no advances on this line of credit. The Organization obtained a Letter of Credit for a landlord in the amount of \$132,411, which is linked to the line of credit in lieu of a security deposit for rental space.

5. PAYCHECK PROTECTION PROGRAM LOAN

In 2020 The Bottom Line, Inc., applied for and was approved for a \$1,810,700 loan under the Paycheck Protection Program administered by the Small Business Administration. The Organization recorded a note payable and applied for forgiveness.

In 2021 The Bottom Line, Inc., has recorded forgiveness of \$1,810,700 upon being legally released from the loan obligation at June 30, 2021 and is included as *Gain From Extinguishment of Debt* on the Statement of Activities.

6. DONATED SERVICES

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, as provided by individuals possessing those skills, and would typically need to be purchased if not donated. In 2021 and 2020, respectively, the Organization recognized \$0 and \$300,000 donated services.

THE BOTTOM LINE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

7. CONTRIBUTIONS RECEIVABLE

The Organization had unconditional contributions receivable from several donors at June 30, 2021 and 2020. In 2021 and 2020, pledges receivable with a due date extending beyond one year are discounted at a rate of .45% and .58%, depending on the year due. The Organization believes all pledges are collectible as of June 30, 2021.

The Organization's future benefit from pledges at June 30, is as follows:

	<u>2021</u>	<u>2020</u>
Receivable in one year or less	\$ 4,436,738	\$ 4,067,779
Receivable in over one year and up to five years	986,541	1,111,044
Total pledges to be received in the future	<u>5,423,279</u>	<u>5,178,823</u>
Allowance for uncollectible accounts	(114,585)	(225,000)
Discount to net present value	<u>(4,650)</u>	<u>(5,585)</u>
Net pledges to be received in the future	<u>\$ 5,304,044</u>	<u>\$ 4,948,238</u>

As of June 30, 2021 and 2020, respectively, the Organization had cumulative restricted multi-year donation agreements totaling \$6,310,556 and \$5,199,133 which contain donor conditions, future program goals, time-restrictions for releases, and benchmarks to be achieved after year-end. During the fiscal years ending June 30, 2021 and 2020, respectively, \$1,160,200 and \$1,376,400 of these conditions had been met and recorded as revenue. The remaining balances of these conditional promises to give as of June 30, 2021 and 2020, respectively, are \$5,150,356 and \$3,822,733. The remaining balances have not been recorded as revenue or receivables.

8. GOVERNMENT GRANTS

The Organization is eligible for the Employee Retention Credit ("ERC") under the CARES Act. Government Grant revenue of \$2,068,405 represents revenue awarded to the Organization for the Employee Retention Credit for Q1 and Q2 of 2021. \$1,002,933 was received prior to June 30, 2021 as unpaid employment taxes. The balance of \$1,065,472 is included in receivables and was subsequently received in fiscal year 2022.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are released from donor restrictions by satisfying the purpose or time restriction specified by the donors, including location restrictions. At June 30, 2021 and 2020, net assets with donor restrictions were available for the following purposes:

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	2021		
	<u>Scholarship</u>	<u>Programs</u>	<u>Total</u>
MA	\$ 185,000	\$ 750,021	\$ 935,021
NY	35,000	2,056,223	2,091,223
CHI	-	1,825,573	1,825,573
NAT	45,000	1,413,739	1,458,739
Total	<u>\$ 265,000</u>	<u>\$ 6,045,556</u>	<u>\$ 6,310,556</u>

Net assets with donor restrictions as of June 30, 2021 were \$6,310,556, of which \$265,000 was restricted for scholarship use, and \$6,045,556 for programs.

	2020		
	<u>Scholarship</u>	<u>Programs</u>	<u>Total</u>
MA	\$ 229,600	\$ 929,306	\$ 945,233
NY	35,000	2,137,283	1,867,887
CHI	225,000	790,073	749,500
NAT	45,000	807,871	674,449
Total	<u>\$ 534,600</u>	<u>\$ 4,664,533</u>	<u>\$ 5,199,133</u>

10. OPERATING LEASES

The Organization leases its premises under various operating leases. The Organization is obligated to pay a share of the property's operating expenses and real estate taxes. The Organization also leases space for program events and office equipment on a short term as needed basis. Rent expense totaled \$838,809 in 2021 and \$932,393 in 2020. Minimum future rental payments under all non-cancelable operating leases and lease extensions are as follows:

Year ending June 30,	
2022	770,397
2023	629,665
2024	605,231
2025	427,749
2026	239,100
Thereafter	<u>494,802</u>
Total	<u>\$3,166,944</u>

11. RETIREMENT PLAN

The Organization maintains a qualified retirement plan (the Plan) under Section 403(b) of the Internal Revenue code. Under the provisions of the Plan, employees can elect to have a portion of their salary withheld and contributed to the Plan, subject to Internal Revenue Service limitations. The Organization made a 2% matching contribution of

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\$265,422 for the year ended June 30, 2021 and \$181,032 for the year ended June 30, 2020.

12. SUBSEQUENT EVENTS

The COVID-19 pandemic developed rapidly through 2021. The Organization has taken a number of measures to monitor and mitigate COVID-19 effects, including transitioning to a completely remote workplace, suspending all travel, and moving in-person programming and development events to virtual settings. Thanks to the strong support of funders and champions, the impact on operating results has thus far not been substantial.

Though several strategic positions remain open, the pandemic did not result in a staffing shortage. The Organization will continue to monitor COVID-19 events and maintain a close eye on both revenue and operating expenses. The fundraising environment remains fluid and dynamic. As such, the future impacts are unknown and will be determined as the pandemic's broader repercussions unfold.

The Organization did not have any other non-recognized or recognized subsequent events after June 30, 2021, the date of the statement of financial position. Subsequent events have been evaluated through January 14, 2022 the date the financial statements were available to be issued.