

**Exodus School**  
**(dba The East Harlem School**  
**at Exodus House)**

Financial Report  
August 31, 2023

## Contents

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Independent auditor's report	1-2
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Financial statements	
Statements of financial position	3
Statements of activities	4-5
Statements of functional expenses	6-7
Statements of cash flows	8
Notes to financial statements	9-23

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Independent auditor's report on supplementary information	24
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Supplementary information	
Schedule of per student costs	25

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RSM US LLP

## Independent Auditor's Report

Board of Trustees  
Exodus School

### Opinion

We have audited the financial statements of Exodus School (dba The East Harlem School at Exodus House) (the School), which comprise the statements of financial position as of August 31, 2023 and 2022, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the School as of August 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*RSM US LLP*

New York, New York  
December 8, 2023

**Exodus School**  
**(dba The East Harlem School at Exodus House)**

**Statements of Financial Position**  
**August 31, 2023 and 2022**

	2023	2022
<b>Assets</b>		
Current assets:		
Cash	\$ 331,921	\$ 212,213
Contributions receivable, net	354,438	350,000
Accounts receivable	-	80,365
Grants receivable	-	176,760
Prepaid expenses and other assets	87,893	74,979
Investments	1,650,643	1,876,491
<b>Total current assets</b>	<b>2,424,895</b>	<b>2,770,808</b>
Noncurrent assets:		
Security deposit and other assets	19,335	19,335
Contributions receivable, net	412,494	720,224
Right-of-use lease assets, net	23,476	-
Investments	5,588,588	5,466,022
Property and equipment, net	7,119,680	7,393,673
<b>Total assets</b>	<b>\$ 15,588,468</b>	<b>\$ 16,370,062</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 34,359	\$ 47,023
Tuition advances	19,302	23,720
Lease obligations, net	10,382	-
<b>Total current liabilities</b>	<b>64,043</b>	<b>70,743</b>
Noncurrent liabilities:		
Lease obligations, net	13,505	-
<b>Total liabilities</b>	<b>77,548</b>	<b>70,743</b>
Net assets:		
Without donor restrictions:		
Undesignated	1,750,290	1,932,608
Board-designated for endowment	5,553,208	5,435,189
Invested in property and equipment	7,119,680	7,393,673
<b>Total without donor restrictions</b>	<b>14,423,178</b>	<b>14,761,470</b>
With donor restrictions:		
Purpose and time restricted	887,742	1,337,849
Perpetual in nature	200,000	200,000
<b>Total with donor restrictions</b>	<b>1,087,742</b>	<b>1,537,849</b>
<b>Total net assets</b>	<b>15,510,920</b>	<b>16,299,319</b>
<b>Total liabilities and net assets</b>	<b>\$ 15,588,468</b>	<b>\$ 16,370,062</b>

See notes to financial statements.

**Exodus School**  
**(dba The East Harlem School at Exodus House)**

**Statement of Activities**  
**Year Ended August 31, 2023**  
**(With Comparative Totals for the Year Ended August 31, 2022)**

	2023			2022
	Without Donor Restriction	With Donor Restriction	Total	Total
Operating revenue and support:				
Contributions	\$ 600,404	\$ 128,570	\$ 728,974	\$ 2,538,565
Special events:				
Benefit income	1,054,688	-	1,054,688	916,440
Benefit contributed goods and services	-	-	-	1,500
Less costs of direct benefit to donors	(26,800)	-	(26,800)	(30,088)
Net income from benefit	1,027,888	-	1,027,888	887,852
Program services	107,531	-	107,531	92,994
Government grants	173,993	-	173,993	30,800
Net investment return	62,647	-	62,647	9,073
Contributed services and goods	105,276	-	105,276	409,900
Miscellaneous income	460	-	460	1,245
Endowment distribution for operations	250,201	13,168	263,369	261,293
Net assets released from restrictions	598,468	(598,468)	-	-
<b>Total operating revenue and support</b>	<b>2,926,868</b>	<b>(456,730)</b>	<b>2,470,138</b>	<b>4,231,722</b>
Expenses:				
Program services	2,652,158	-	2,652,158	2,587,052
Fund development	183,804	-	183,804	316,113
Management and general	243,559	-	243,559	276,989
<b>Total expenses</b>	<b>3,079,521</b>	<b>-</b>	<b>3,079,521</b>	<b>3,180,154</b>
<b>Change in net assets from operations</b>	<b>(152,653)</b>	<b>(456,730)</b>	<b>(609,383)</b>	<b>1,051,568</b>
Nonoperating activities:				
Gain from insurance proceeds	20,415	-	20,415	206,523
Endowment distribution for operations	(250,201)	(13,168)	(263,369)	(261,293)
Net investment return	368,220	19,791	388,011	(854,664)
<b>Change in net assets from nonoperating activities</b>	<b>138,434</b>	<b>6,623</b>	<b>145,057</b>	<b>(909,434)</b>
Depreciation and amortization	(324,073)	-	(324,073)	(312,295)
Loss on disposal of property and equipment	-	-	-	(40,534)
<b>Change in net assets</b>	<b>(338,292)</b>	<b>(450,107)</b>	<b>(788,399)</b>	<b>(210,695)</b>
Net assets:				
Beginning	14,761,470	1,537,849	16,299,319	16,510,014
Ending	\$ 14,423,178	\$ 1,087,742	\$ 15,510,920	\$ 16,299,319

See notes to financial statements.

**Exodus School**  
**(dba The East Harlem School at Exodus House)**

**Statement of Activities**  
**Year Ended August 31, 2022**

	2022		
	Without Donor Restriction	With Donor Restriction	Total
Operating revenue and support:			
Contributions	\$ 893,191	\$ 1,645,374	\$ 2,538,565
Special events:			
Benefit income	916,440	-	916,440
Benefit contributed goods and services	1,500	-	1,500
Less costs of direct benefit to donors	(30,088)	-	(30,088)
Net income from benefit	887,852	-	887,852
Program services	92,994	-	92,994
Government grants	30,800	-	30,800
Net investment return	9,073	-	9,073
Contributed services and goods	409,900	-	409,900
Miscellaneous income	1,245	-	1,245
Endowment distribution for operations	248,228	13,065	261,293
Net assets released from restrictions	438,215	(438,215)	-
<b>Total operating revenue and support</b>	<b>3,011,498</b>	<b>1,220,224</b>	<b>4,231,722</b>
Expenses:			
Program services	2,587,052	-	2,587,052
Fund development	316,113	-	316,113
Management and general	276,989	-	276,989
<b>Total expenses</b>	<b>3,180,154</b>	<b>-</b>	<b>3,180,154</b>
<b>Change in net assets from operations</b>	<b>(168,656)</b>	<b>1,220,224</b>	<b>1,051,568</b>
Nonoperating activities:			
Gain from insurance proceeds	206,523	-	206,523
Endowment distribution for operations	(248,228)	(13,065)	(261,293)
Net investment return	(811,109)	(43,555)	(854,664)
<b>Change in net assets from nonoperating activities</b>	<b>(852,814)</b>	<b>(56,620)</b>	<b>(909,434)</b>
Depreciation and amortization	(312,295)	-	(312,295)
Loss on disposal of property and equipment	(40,534)	-	(40,534)
<b>Change in net assets</b>	<b>(1,374,299)</b>	<b>1,163,604</b>	<b>(210,695)</b>
Net assets:			
Beginning	16,135,769	374,245	16,510,014
Ending	\$ 14,761,470	\$ 1,537,849	\$ 16,299,319

See notes to financial statements.

**Exodus School**  
**(dba The East Harlem School at Exodus House)**

**Statement of Functional Expenses**  
**Year Ended August 31, 2023**  
**(With Comparative Totals for the Year Ended August 31, 2022)**

	2023					2022
	Program Services	Supporting Services			Total	Total
		Fund Development	Management and General	Total Supporting Services		
Salaries and related costs	\$ 1,950,628	\$ 107,579	\$ 153,543	\$ 261,122	\$ 2,211,750	\$ 1,987,833
Administrative processing expenses	-	1,155	10,680	11,835	11,835	14,691
Benefit event expenses—indirect	-	21,897	-	21,897	21,897	81,219
Contributed services	105,276	-	-	-	105,276	158,130
Dues and fees	-	-	860	860	860	1,471
Food service	63,500	-	-	-	63,500	58,309
Insurance	53,994	2,609	2,631	5,240	59,234	59,822
Office supplies	22,619	1,093	1,513	2,606	25,225	27,314
Postage and delivery	2,616	127	128	255	2,871	3,449
Professional services	-	20,387	60,060	80,447	80,447	79,888
Program services	123,368	-	-	-	123,368	336,536
Public relations and marketing	-	14,487	-	14,487	14,487	18,852
Repair and maintenance	115,277	3,679	3,679	7,358	122,635	105,492
Staff development and training	4,316	209	210	419	4,735	18,640
Technology	90,359	4,365	4,403	8,768	99,127	91,775
Telephone	12,479	603	608	1,211	13,690	12,543
Travel and entertainment	130	416	-	416	546	2,431
Utilities	107,596	5,198	5,244	10,442	118,038	121,759
	<b>2,652,158</b>	<b>183,804</b>	<b>243,559</b>	<b>427,363</b>	<b>3,079,521</b>	<b>3,180,154</b>
Benefit expenses—direct	-	26,800	-	26,800	26,800	30,088
Depreciation and amortization	295,405	14,272	14,396	28,668	324,073	312,295
Loss on disposal of property and equipment	-	-	-	-	-	40,534
	<b>\$ 2,947,563</b>	<b>\$ 224,876</b>	<b>\$ 257,955</b>	<b>\$ 482,831</b>	<b>\$ 3,430,394</b>	<b>\$ 3,563,071</b>

See notes to financial statements.



**Exodus School  
(dba The East Harlem School at Exodus House)**

**Statement of Functional Expenses  
Year Ended August 31, 2022**

	2022				
	Supporting Services				Total
	Program Services	Fund Development	Management and General	Total Supporting Services	
Salaries and related costs	\$ 1,636,607	\$ 170,734	\$ 180,492	\$ 351,226	\$ 1,987,833
Administrative processing expenses	-	-	14,691	14,691	14,691
Benefit event expenses—indirect	-	81,219	-	81,219	81,219
Contributed services	158,130	-	-	-	158,130
Dues and fees	-	-	1,471	1,471	1,471
Food service	58,309	-	-	-	58,309
Insurance	52,943	3,280	3,599	6,879	59,822
Office supplies	24,172	1,498	1,644	3,142	27,314
Postage and delivery	3,053	189	207	396	3,449
Professional services	-	22,925	56,963	79,888	79,888
Program services	336,536	-	-	-	336,536
Public relations and marketing	-	18,852	-	18,852	18,852
Repair and maintenance	99,162	3,165	3,165	6,330	105,492
Staff development and training	16,498	1,020	1,122	2,142	18,640
Technology	81,221	5,032	5,522	10,554	91,775
Telephone	11,100	688	755	1,443	12,543
Travel and entertainment	1,564	835	32	867	2,431
Utilities	107,757	6,676	7,326	14,002	121,759
	<u>2,587,052</u>	<u>316,113</u>	<u>276,989</u>	<u>593,102</u>	<u>3,180,154</u>
Benefit expenses—direct	-	30,088	-	30,088	30,088
Depreciation and amortization	276,381	17,124	18,790	35,914	312,295
Loss on disposal of property and equipment	35,872	2,223	2,439	4,662	40,534
	<u>\$ 2,899,305</u>	<u>\$ 365,548</u>	<u>\$ 298,218</u>	<u>\$ 663,766</u>	<u>\$ 3,563,071</u>

See notes to financial statements.

**Exodus School**  
**(dba The East Harlem School at Exodus House)**

**Statements of Cash Flows**  
**Years Ended August 31, 2023 and 2022**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (788,399)	\$ (210,695)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	324,073	312,295
Amortization of right-of-use lease assets	10,433	-
Realized and unrealized (gain) loss on investments	(178,409)	1,156,615
Loss on disposal of property and equipment	-	40,534
Donated property and equipment	-	(27,450)
Decrease (increase) in assets:		
Prepaid expenses and other assets	(12,914)	(8,942)
Accounts receivable	80,365	(77,061)
Grants receivable	176,760	304,832
Contributions receivable	345,562	(1,150,000)
Change in discount on contributions receivable	(42,270)	79,776
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(12,664)	(52,871)
Tuition advances	(4,418)	1,734
<b>Net cash (used in) provided by operating activities</b>	<b>(101,881)</b>	<b>368,767</b>
Cash flows from investing activities:		
Purchases of investments	(1,281,678)	(1,260,163)
Proceeds from sale of investments	1,563,369	1,151,293
Purchases of property and equipment	(50,080)	(269,034)
<b>Net cash provided by (used in) investing activities</b>	<b>231,611</b>	<b>(377,904)</b>
Cash flows from financing activities:		
Payments of lease liabilities	(10,022)	-
<b>Net cash used in investing activities</b>	<b>(10,022)</b>	<b>-</b>
<b>Net increase (decrease) in cash</b>	<b>119,708</b>	<b>(9,137)</b>
Cash:		
Beginning	212,213	221,350
Ending	\$ 331,921	\$ 212,213
Supplemental schedule of cash flow information:		
Donated property and equipment	\$ -	\$ 27,450
Cash paid for financing leases	\$ 11,028	\$ -

See notes to financial statements.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 1. Nature of Activities**

Exodus School (dba The East Harlem School at Exodus House) (the School) is a tax-exempt (under Section 501(c)(3) of the Internal Revenue Code (IRC)) nonprofit school incorporated by a charter from The University of the State of New York Education Department as an educational corporation in 1993. The School is a year-round middle school that teaches children from low-income families in Harlem and other parts of New York City to develop academic excellence, moral integrity, courtesy and an unshakeable commitment to their future and the fate of their community.

The School originally operated in a building owned by Exodus House, Inc., a New York nonprofit corporation. In 2004, Exodus House, Inc. entered into a lease agreement with the School whereby the property was leased by Exodus House, Inc. to the School for a term of 49 years at a nominal amount. Subsequently, Exodus House, Inc. was consolidated into Exodus School, and the building was torn down.

The School completed a \$12.1 million capital campaign to build a new facility on the site. The campaign was accomplished through a fundraising and communications campaign led by the School's board of trustees and Capital Campaign Committee. The building was completed and occupied by the School in December 2008.

This 30,000 square foot facility provides room for the student population of approximately 150 students, enhances academic and extracurricular instruction, allows the School to gather as a full community and serves as a national model for the School's peers.

The School currently has a \$5.8 million endowment, which includes approximately \$5.5 million of board-designated unrestricted net assets; \$1.4 million of this endowment is derived from the excess of the School's \$12.1 million capital campaign revenue over the \$10.7 million cost to build the new facility. The remaining \$4.4 million represents a board-designated endowment that has been funded by annual operating surpluses and endowment earnings.

**Note 2. Summary of Significant Accounting Policies**

**Basis of presentation:** The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Measure of operations:** The accompanying statements of activities distinguish between operating and nonoperating activities. Operating activities principally include all revenues and expenses that are an integral part of the School's programs and supporting activities. Nonoperating activities include gains from insurance proceeds, distributions from the endowment, and net investment return not for current operations.

**Estimates:** The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Cash:** The School maintains its cash in bank deposits at one high-credit quality financial institution. The balances, at times, may exceed federally insured limits. The School has not experienced any losses in such accounts.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Investments and investment returns:** Investments are valued at fair value, as discussed in Note 4, with the resulting change in unrealized gains or losses included in the statements of activities. Investment transactions are recorded on a trade date basis, and gains and losses on the sale of investments are calculated by the specific-identification method. Current investments include the short-term, liquid, treasury investments held for operations and the endowment distribution for operations. Non-current investments include the endowment less the endowment distribution for operations. Investment income and net gains or losses on investments are recognized as increases or decreases in net assets without donor restrictions unless their use is temporarily or permanently restricted by the donor.

Management designates only a portion of the School's cumulative investment income for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The investment return on short-term investments is used to support current operations. The return on investments held in the endowment fund is used to support future operations and is included as nonoperating income for the periods presented with the exception of the annual endowment distribution which supports current operations.

**Fair value measurements:** The School follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. Under this guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the School uses various methods including market, income and cost approaches. Based on these approaches, the School often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The School utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the School is required to provide information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three levels:

- Level 1:** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2:** Observable inputs other than Level 1, including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.
- Level 3:** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

For the year ended August 31, 2023, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market price activity of the instrument.

**Contributions and related receivables:** Contributions receivable are reported at their outstanding unpaid balances, less an allowance for present value discounts and doubtful accounts. Management evaluates the collectability of these receivables on a case-by-case basis considering the School's experience with the donor or funding source and their ability to pay and writes off receivables that are deemed to be uncollectible.

Contributions are recognized as revenue in the year the unconditional promise is received and documented. Conditional contributions are recognized when the donor-imposed barrier has been substantially met.

During the year ended August 31, 2021, the School received conditional contributions of \$145,701, available for use to redeem supplies and equipment from the funding sources' online portals. Supplies and equipment of \$77,750 were redeemed via the online portal during the year ended August 31, 2022, and is included in the contributed services and goods income on the statements of activities. There were no redemptions during the year ended August 31, 2023, and the remaining funds are no longer available.

During the year ended August 31, 2022, the School received a conditional contribution of \$10,839 available for use to redeem supplies and equipment from the funding source's online portal. The amount redeemed during the year ended August 31, 2023, was \$10,835, and the remaining amount expired and was not used. No supplies or equipment were redeemed during the year ended August 31, 2022.

During the year ended August 31, 2023, the School received a conditional contribution of \$10,898 available for use to redeem supplies and equipment from the funding source's online portal. No supplies or equipment were redeemed during the year ended August 31, 2023. The total amount is available for use through June 30, 2024.

Funds received for conditional contributions prior to meeting the donor-imposed barrier are recognized as a refundable advance on the statements of financial position. There were no refundable advances recorded in connection with conditional contributions as of the years ended August 31, 2023 and 2022.

Contributions and unconditional promises to give are considered to be available for use without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions, which increases that net asset class. When the specified purpose of donor-restricted contributions is met, the net assets are released from restrictions and transferred to net assets without donor restriction. Contributions of assets other than cash are recorded at their estimated fair value.

Unconditional promises that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated cash flows, discounted at a rate commensurate with the risks involved. Amortization of the discount is offset against contributions revenue.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net asset without donor restrictions class.

**Contributed services:** Contributed services are recorded at their fair value when such services are rendered. Contributed services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the School.

A number of volunteers have made a contribution of their time to the School to develop its academic and other programs and to serve on the School's board of trustees. The value of this contributed time is not reflected in these financial statements since it does not meet the criteria for recognition.

**Concentration:** For the years ended August 31, 2023 and 2022, two donors accounted for 27% and 61%, respectively, of total contribution revenue. For the years ended August 31, 2023 and 2022, two donors accounted for 100% of total contributions receivable. Board members made contributions during the year ended August 31, 2023 and 2022, totaling \$359,797 and \$905,038, respectively.

**Property and equipment:** Property and equipment is recorded at cost when purchased, or at fair value when contributed. The School capitalizes all purchases of property and equipment in excess of \$500. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the respective assets, which are from five to 10 years for furniture and equipment. Leasehold improvements are amortized over the shorter of the useful life or the remaining life of the lease at the time of improvement.

**Deferred revenue:** Deferred revenue represents monies received in advance of income not earned from ticket sales for future special events, which will be recognized in the statements of activities when the event occurs.

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

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the School's financing lease of \$33,909, at September 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Tuition fees:** The School follows ASC Topic 606 guidance for revenue recognition on exchange transactions, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to the customers. The five-step model defined by ASC Topic 606 requires the School to (1) identify the contract with the customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when each performance obligation is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

As tuition fees, are recorded at established rates, they are deemed to be fixed and determinable. Tuition fees are recorded as revenue when performance obligations are satisfied, which is generally over time as services are rendered. Management believes that recognizing revenue over time is the best measure of services rendered based on its academic calendar and has not made any changes in the timing of satisfaction of its performance obligations or amounts allocated to those obligations. Management does not consider there to be significant judgment involved in the timing of satisfaction of performance obligations as those are directly linked to the academic calendar. Tuition fees received in advance are deferred and are recognized as revenue over the period of instruction as services are delivered to students. There are no contract receivables as of August 31, 2023 and 2022.

Students may withdraw at any time during the academic year, however, as included in the enrollment agreement, the School will not be required to refund payments made. Any unpaid obligations will no longer be enforced after the date of withdrawal or dismissal. Due to the timing of fiscal year-end within the academic calendar, the exposure to withdrawal rights is limited at year-end.

**Net asset classifications:** Net assets with donor restrictions include contributions that donors have specified must be maintained in perpetuity. Interest and dividends, and net realized and unrealized appreciation on the related investments, are expended for such purposes as specified by the donor or, if none, then for general purposes. Net assets with donor restrictions is also comprised of funds which are restricted for specific purposes. Upon the expiration of either donor-imposed time or purpose restrictions, net assets with donor restrictions are transferred to net assets without donor restrictions.

Net assets without donor restrictions represent funds which are generally available for the School to utilize in any of its programs or supporting services.

**Expenses:** Expenses are reported as decreases in net assets without donor restrictions. The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note 11 for management's allocation methodology for such costs.

**Endowment:** When the School receives a contribution and the donor restricts the School from spending the principal, the contribution is classified as an endowment, with the amount of the gift recorded as an increase in net assets with donor restrictions. The School is subject to the New York Prudent Management of Institutional Funds Act (NYPMIFA). The School has interpreted NYPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The remaining portion of the endowment fund that is not held in perpetuity is classified as accumulated investment earnings within net assets with donor restrictions, until those amounts are appropriated for expenditure by the School in a manner consistent with the standard of prudence prescribed by NYPMIFA.



**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Income taxes:** The School qualifies as a charitable organization as defined by IRC Section 501(c)(3) and, accordingly, is exempt from federal income taxes under IRC Section 501(a). The School is also exempt from New York State and New York City income taxes. Annually, the School is required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service. The School is not classified as a private foundation. The School did not incur unrelated business income tax for the years ended August 31, 2023 and 2022.

**Reclassifications:** Certain reclassifications of prior year amounts have been made to conform to current year presentation. The reclassifications had no effect on prior year change in net assets or net assets.

**Subsequent events:** The School evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected and/or disclosed in the financials statements. Such evaluation is performed through the date of the financial statements are available to be issued, which was December 8, 2023, for these financial statements.

**Note 3. Liquidity and Availability of Resources**

The School regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of August 31, the following financial assets are available to meet annual operating needs of the following fiscal year:

	2023	2022
Cash	\$ 331,921	\$ 212,213
Accounts receivable	-	80,365
Grants receivable	-	176,760
Contributions receivable	354,438	350,000
Investments held for operating	1,387,274	1,615,198
Estimated subsequent year endowment appropriation	263,369	261,293
Total financial assets available within one year	<u>\$ 2,337,002</u>	<u>\$ 2,695,829</u>

The School has various sources of liquidity at its disposal, including cash and cash equivalents, marketable debt and equity securities. In addition, the School has a board-designated endowment totaling \$5,553,208 and \$5,435,189 as of August 31, 2023 and 2022, respectively. Although the School does not intend to spend from its board designated endowment amounts other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board designated endowment could be made available at the discretion of the board of trustees.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

**Note 4. Investments and Fair Value Measurement**

Investments measured at fair value by level, within the fair value hierarchy, as of August 31, 2023, are as follows:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 1,448,867	\$ 1,448,867	\$ -	\$ -
Mutual funds:				
Large-cap funds	1,550,423	1,550,423	-	-
International funds	903,593	903,593	-	-
Balanced funds	809,474	809,474	-	-
Bond funds	1,694,320	1,694,320	-	-
Stocks	458,046	458,046	-	-
Commodity funds	18,202	18,202	-	-
Subtotal—mutual funds	5,434,058	5,434,058	-	-
Exchange-traded funds:				
Large cap	160,915	160,915	-	-
U.S. government bonds	195,391	-	195,391	-
Total investments	\$ 7,239,231	\$ 7,043,840	\$ 195,391	\$ -

Investments measured at fair value by level, within the fair value hierarchy, as of August 31, 2022, are as follows:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	\$ 1,791,944	\$ 1,791,944	\$ -	\$ -
Mutual funds:				
Large-cap funds	1,578,598	1,578,598	-	-
International funds	864,399	864,399	-	-
Balanced funds	749,394	749,394	-	-
Bond funds	1,523,584	1,523,584	-	-
Stocks	474,941	474,941	-	-
Commodity funds	15,924	15,924	-	-
Subtotal—mutual funds	5,206,840	5,206,840	-	-
Exchange-traded funds:				
Large cap	153,151	153,151	-	-
U.S. government bonds	190,578	-	190,578	-
Total investments	\$ 7,342,513	\$ 7,151,935	\$ 190,578	\$ -

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

**Note 4. Investments and Fair Value Measurement (Continued)**

The investments are reported on the statements of financial positions as follows at August 31, 2023 and 2022:

	2023	2022
Current investments	\$ 1,650,643	\$ 1,876,491
Noncurrent investments	5,588,588	5,466,022
Total investments	\$ 7,239,231	\$ 7,342,513

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The School's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment. The School assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that cause the transfer. There were no transfers among Levels 1, 2 and 3 during fiscal years 2023 and 2022.

Below are the valuation techniques used by the School to measure different financial instruments at fair value and the level within the fair value hierarchy in which the financial instrument is categorized.

- Money market funds and exchange-traded funds listed on a national securities exchange or reported on the NASDAQ global market are stated at the last reported sales or trade price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.
- U.S. government bonds are valued based on the last reported bid price provided by broker-dealers and are reported as Level 2 in the fair value hierarchy.
- Investments in mutual funds are stated at fair value based on the last quoted valuation price and are classified as Level 1 in the fair value hierarchy.

**Note 5. Grants, Contributions, and Accounts Receivable**

Grants, contributions, and accounts receivable consist of the following at August 31, 2023 and 2022:

	2023	2022
Amount due in less than one year	\$ 354,438	\$ 607,125
Due in one to five years	450,000	800,000
	804,438	1,407,125
Less discount to present value at 4% rate	(37,506)	(79,776)
	\$ 766,932	\$ 1,327,349

There was no allowance for doubtful accounts as of August 31, 2023 and 2022 as all receivables are expected to be fully collectible.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 5. Grants, Contributions, and Accounts Receivable (Continued)**

As of August 31, 2022, grants receivable consisted of the Employee Retention Credit (ERC). This provision under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and revised by the Consolidated Appropriations Act and American Rescue Plan Act, encourages employers to retain and continue paying employees during periods of pandemic-related reductions in operations. The School elected to account for this balance under ASC 958, and has concluded that all barriers to recognition for the balance of \$481,592 were met as of August 31, 2021. Payments of \$304,832 on this balance were received during the year ended August 31, 2022, and the remaining balance of \$176,760 was received during the year ended August 31, 2023.

**Note 6. Property and Equipment**

Property and equipment, net, consists of the following as of August 31, 2023 and 2022:

	2023	2022
Land	\$ 35,000	\$ 35,000
Furniture and equipment	817,276	812,480
Building and improvements	10,798,456	10,753,171
	<u>11,650,732</u>	<u>11,600,651</u>
Less accumulated depreciation and amortization	(4,531,052)	(4,206,978)
	<u>\$ 7,119,680</u>	<u>\$ 7,393,673</u>

**Note 7. Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods as of August 31, 2023 and 2022:

	2023	2022
Donor restricted net assets (time and purpose):		
Backyard project	\$ 25,499	\$ 25,499
Time restricted	281,356	366,836
Faculty development, maintenance, and financial aid (accumulate earnings)	98,749	92,126
School programs	482,138	853,388
	<u>887,742</u>	<u>1,337,849</u>
Endowment- perpetual in nature	200,000	200,000
Total net assets with donor restrictions	<u>\$ 1,087,742</u>	<u>\$ 1,537,849</u>

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 7. Net Assets With Donor Restrictions (Continued)**

Net assets were released from donor restrictions during the years ended August 31, 2023 and 2022, for the following purposes or periods:

	2023		2022
Time restricted	\$ 100,000	\$	100,000
Faculty development, financial aid and facility maintenance	13,168		23,065
School programs	485,300		315,150
	<u>\$ 598,468</u>	<u>\$</u>	<u>438,215</u>

**Note 8. Employee Benefit Plan**

The School participates in a tax-deferred annuity retirement plan under Section 403(b) of the IRC for the benefit of eligible employees. During the years ended August 31, 2023 and 2022, the School made contributions of \$66,127 and \$64,318, respectively.

**Note 9. Contingency**

In conducting its activities, the School from time to time is subject to various claims and could have claims against others. The School maintains insurance coverage with reputable and financially sound insurers in such amounts and covering such risks as are in accordance with customary industry practice. In management's opinion, the ultimate resolution of such claims would not have a material effect on the financial position of the School.

**Note 10. Contributed Services and Goods**

The School receives contributions of goods and services from businesses and individuals toward the fulfillment of program objectives and general operations. The services are provided by firms and individuals that have significant technical experience in their respective industries and professions. The goods and services, which are objectively measurable, have been included in both revenue and the related functional expense categories, and are recorded as contributions at the fair value at the date of donation. If the goods received meet the School's capitalization threshold, then they are recorded as property and equipment. None of the goods and services are monetized.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

**Note 10. Contributed Services and Goods (Continued)**

The School recognized donated goods and services for the years ended August 31, 2023 and 2022, as follows:

Nonfinancial Asset	Revenue Recognized		Utilization in Programs	Donor Restrictions	Valuation Techniques and Inputs
	2023	2022			
Computer hardware	\$ -	\$ 251,770	All Programs: Regular, Afterschool, Summer, and Alumni	None	The valuation is based on the cost charged to paying customers, reported to the School by the donor, which reflects the wholesale value received for selling the products in the United States.
Library and textbooks	13,254	77,749	Regular Programs	None	The valuation is based on the cost incurred by the donor and reported to the School, which reflects the wholesale value received for selling the products in the United States.
Facilities and services for swimming lessons in afterschool program	49,118	62,631	Afterschool Program	None	The valuation is based on the cost reported by the donor to the School, which reflects the wholesale value received for identical services provided in New York City.
Instruction for Chorus & Violin Club	20,008	-	Regular Programs	None	The valuation is based on the cost reported by the donor to the School, which reflects the wholesale value received for identical services provided in New York City.
Concert tickets and educational materials	12,600	15,000	Afterschool Program	None	The valuation is based on the cost incurred by the donor and reported to the School, which reflects the wholesale value received for selling the products in the United States.
Basketball Camp	9,546	-	Summer	None	The valuation is based on the cost incurred by the donor and reported to the School, which reflects the wholesale value received for selling the products in the United States.
Professional development	-	2,000	Regular Programs	None	The valuation is based on the cost incurred by the donor and reported to the School, which reflects the wholesale value received for selling the products in the United States.
Photography services	750	750	Regular Programs	None	The valuation is based on the cost charged to paying customers, reported to the School by the donor, which reflects the wholesale value received for the services in New York City.
	<u>\$ 105,276</u>	<u>\$ 409,900</u>			

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 11. Functional Allocation of Expenses**

Certain expenses are attributable to more than one program or supporting function. Management has reviewed all overhead costs and determined that it is appropriate to allocate a portion of these costs to the program services. A number of allocation methodologies are used, as summarized below.

- **Compensation for personnel services:** Personnel costs are either directly charged to a cost center or allocated between the programs based on the estimated percentage of time spent serving each of these programs.
- **Building maintenance and repairs:** The allocation of these costs is done based on estimated square foot usage by program, administration, and fundraising populations.
- **Other than personnel services (OTPS):** For OTPS that benefits all the cost centers of the School, allocation is based on full-time employee (FTE) by time and effort. FTE calculations are supported by employee payroll records.

**Note 12. Endowments**

The School's endowments include both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The School's approach to the management of these funds is to achieve desirable long-term results while maintaining the liquidity necessary to meet distribution policies.

In fiscal year 2017, the board of trustees approved the distribution method according to the Tobin Rule. The Tobin Rule uses the prior year's spending adjusted for inflation, the stability term and the long-term sustainable rate of distribution, the market term, weighted as determined appropriate by the School. The School has weighted the stability term 80% and the market term 20% for the distribution calculation. The School uses a sustainable rate of distribution of 4% and adjusts the inflation rate used annually, based on market conditions. The School's trustees, parents, alumni and friends have helped to establish the endowment fund to provide lasting support for financial aid, faculty development, academics and capital projects.

As an aggregate, this fund generates annual income for the School that is devoted to designated purposes that primarily support faculty development, financial aid, facility maintenance and for general operations. There were approved appropriations by the board of trustees during fiscal years ended August 31, 2023 and 2022, of \$263,369 and \$261,293, respectively.

The School's endowment portfolio is managed by the investment committee of the board of trustees.

An underwater endowment occurs when the fair value of the fund at the reporting date is less than either the original gift amount or the amount required to be maintained by the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In the event that this were to occur, the School would forgo its spending policy for the donor restricted portion until the fair value exceeded the requirements.

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

**Note 12. Endowments (Continued)**

The School's endowments consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of August 31, 2023:			
Donor-restricted endowment funds:			
Accumulated investment earnings	\$ -	\$ 98,749	\$ 98,749
Original donor-restricted corpus maintained in perpetuity	-	200,000	200,000
Board-designated endowment funds	5,553,208	-	5,553,208
Total funds	<u>\$ 5,553,208</u>	<u>\$ 298,749</u>	<u>\$ 5,851,957</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Balance as of August 31, 2022:			
Donor-restricted endowment funds:			
Accumulated investment earnings	\$ -	\$ 92,126	\$ 92,126
Original donor-restricted corpus maintained in perpetuity	-	200,000	200,000
Board-designated endowment funds	5,435,189	-	5,435,189
Total funds	<u>\$ 5,435,189</u>	<u>\$ 292,126</u>	<u>\$ 5,727,315</u>
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2021	\$ 6,494,526	\$ 348,746	\$ 6,843,272
Distribution for operations	(248,228)	(13,065)	(261,293)
Net investment loss	(811,109)	(43,555)	(854,664)
Endowment net assets, August 31, 2022	<u>5,435,189</u>	<u>292,126</u>	<u>5,727,315</u>
Distribution for operations	(250,201)	(13,168)	(263,369)
Net investment return	368,220	19,791	388,011
Endowment net assets, August 31, 2023	<u>\$ 5,553,208</u>	<u>\$ 298,749</u>	<u>\$ 5,851,957</u>

**Note 13. Leases**

The School entered into a new operating lease for office equipment in November 2020. The new lease expires in November 2025. On September 1, 2022, the School adopted Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, resulting in a right-of-use (ROU) asset and lease liability recorded on the statement of financial position as of August 31, 2023, for its office equipment lease. Under the provisions of ASU 2016-02, the School determined the equipment lease is considered to be a financing lease. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The School's finance lease generally does not contain any material restrictive covenants or residual value guarantees. The School calculated the present value of each lease over the term of the respective lease, using the risk-free rate on the adoption date of ASC 842 or the inception date based on the remaining lease term.



**Exodus School  
(dba The East Harlem School at Exodus House)**

**Notes to Financial Statements**

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**Note 13. Leases (Continued)**

Future undiscounted cash flows for the next five years and thereafter, and a reconciliation to the lease liabilities recognized on the balance sheet are as follows, as of August 31, 2023:

Years ending August 31:		
2024	\$	11,028
2025		11,028
2026		2,757
Total minimum payments required		<u>24,813</u>
Less amounts representing interest		<u>(926)</u>
Present value of the minimum lease payment	\$	<u><u>23,887</u></u>

Future minimum lease commitments, as determined under Topic 840, for all non-cancelable leases as of August 31, 2022 are as follows:

Years ending August 31:		
2023	\$	11,028
2024		11,028
2025		11,028
2026		2,298
	\$	<u><u>35,382</u></u>

The ROU lease asset consisted of the following at August 31, 2023:

Finance lease cost (including amortization of ROU asset of \$10,433 in 2023 and interest on lease liabilities of \$1,006 in 2023)	\$	23,476
Total right-of-use finance lease asset	\$	<u><u>23,476</u></u>

Total rent expense under the operating and finance leases was \$11,439 and \$11,028 for the years ended August 31, 2023 and 2022, respectively.

Supplemental balance sheet information related to leases is as follows as of August 31, 2023:

Weighted-average remaining lease term:		
Finance lease		2.2 years
Weighted-average discount rate:		
Finance lease		3.54%



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

Board of Trustees  
Exodus School

We have audited the financial statements of Exodus School (dba The East Harlem School at Exodus House) (the School), as of and for the years ended August 31, 2023 and 2022, and have issued our report thereon, which contained an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is 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.

*RSM US LLP*

New York, New York  
December 8, 2023

**Exodus School  
(dba The East Harlem School at Exodus House)**

**Supplementary Information  
Schedule of Per Student Costs  
Year Ended August 31, 2023**

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School program	\$ 3,356,576
Alumni program	<u>73,818</u>
<b>Total expenses</b>	<b><u><u>\$ 3,430,394</u></u></b>

School Program	Expenses	Number of Students	Cost Per Student
Summer	\$ 286,143	125	\$ 2,289
Afterschool	947,267	125	7,578
Regular session	<u>2,123,166</u>	125	<u>16,985</u>
	<b><u><u>\$ 3,356,576</u></u></b>		<b><u><u>\$ 26,852</u></u></b>

Total expenses include program, development, administrative and noncash expenses such as contributed goods and services and normal depreciation. Student travel is included in the afterschool session expenses.

The alumni program served 601 former students at a cost of \$122.83 per alumni, for the year ended August 31, 2023.