



COMP-U-DOPT, INC.

FINANCIAL STATEMENTS

***For the Years Ended December 31, 2021 and 2020
with Independent Auditor's Report***

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position As of December 31, 2021 and 2020	3
Statement of Activities For the Year Ended December 31, 2021	4
Statement of Activities For the Year Ended December 31, 2020	5
Statements of Functional Expenses For the Years Ended December 31, 2021 and 2020	6
Statements of Cash Flows For the Years Ended December 31, 2021 and 2020	7
Notes to Financial Statements	8



Wrinkle, Gardner & Company, P.C.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Comp-U-Dopt, Inc.

Opinion

We have audited the accompanying financial statements of Comp-U-Dopt, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, respectively, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comp-U-Dopt, Inc. as of December 31, 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 ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Comp-U-Dopt, Inc. 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 U.S. GAAP, 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 Comp-U-Dopt's ability to continue as a going concern within one year after the date that the financial statements are 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 U.S. 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. 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 Comp-U-Dopt'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 Comp-U-Dopt'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.

Winkler, Gundersen & Company, P.C.

Friendswood, Texas
March 31, 2022

Comp-U-Dopt, Inc.
Statements of Financial Position

	December 31	
	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,627,891	\$ 1,005,371
Pledges receivable	1,408,200	446,874
Prepays	152,085	-
Other current assets	14,412	4,987
Total current assets	<u>3,202,588</u>	<u>1,457,232</u>
Property and equipment, at cost		
Building	1,500,000	1,500,000
Building improvements	1,189,753	995,366
Vehicles	99,377	99,377
	<u>2,789,130</u>	<u>2,594,743</u>
Less: Accumulated depreciation and amortization	(181,074)	(130,330)
Property and equipment, net	<u>2,608,056</u>	<u>2,464,413</u>
Total assets	<u><u>\$ 5,810,644</u></u>	<u><u>\$ 3,921,645</u></u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 27,146	\$ 128,793
PPP loan	-	120,200
Current portion of long-term debt	28,257	1,142,665
Total current liabilities	<u>55,403</u>	<u>1,391,658</u>
Long-term debt, less current portion	<u>1,081,207</u>	<u>-</u>
Total liabilities	<u>1,136,610</u>	<u>1,391,658</u>
Net Assets		
With donor restrictions	2,983,092	144,146
Without donor restrictions	1,690,942	2,385,841
Total net assets	<u>4,674,034</u>	<u>2,529,987</u>
Total liabilities and net assets	<u><u>\$ 5,810,644</u></u>	<u><u>\$ 3,921,645</u></u>

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

Comp-U-Dopt, Inc.
Statement of Activities
Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and support			
Contributions			
Board of directors	\$ 89,292	\$ -	\$ 89,292
Corporations	470,471	2,287,632	2,758,103
Foundations	206,201	2,044,492	2,250,693
Individuals	87,636	-	87,636
Gifts-in-kind	2,795,065	-	2,795,065
Government grants	68,268	-	68,268
Program licensing	361,850	37,200	399,050
Net assets released from restrictions:			
Satisfaction of program restrictions	1,530,378	(1,530,378)	-
Total contributions	<u>5,609,161</u>	<u>2,838,946</u>	<u>8,448,107</u>
Fundraising and events	225,025	-	225,025
Other income	276,191	-	276,191
Gain on extinguishment of debt	120,000	-	120,000
Total revenue, gains, and support	<u>6,230,377</u>	<u>2,838,946</u>	<u>9,069,323</u>
Fundraising expense	623,134	-	623,134
Program services expense	5,672,685	-	5,672,685
Management and general expense	629,457	-	629,457
Total expenses	<u>6,925,276</u>	<u>-</u>	<u>6,925,276</u>
Change in net assets	(694,899)	2,838,946	2,144,047
Net assets, beginning of year	2,385,841	144,146	2,529,987
Net assets, end of year	<u>\$ 1,690,942</u>	<u>\$ 2,983,092</u>	<u>\$ 4,674,034</u>

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

Comp-U-Dopt, Inc.
Statement of Activities
Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and support			
Contributions			
Board of directors	\$ 60,452	\$ -	\$ 60,452
Corporations	1,322,575	-	1,322,575
Foundations	1,752,976	144,146	1,897,122
Individuals	1,303,616	-	1,303,616
Gifts-in-kind	2,600,818	-	2,600,818
Government grants	521,424	-	521,424
Capital campaign	207,866	-	207,866
Program licensing	16,340	-	16,340
Net assets released from restrictions:			
Satisfaction of program restrictions	382,347	(382,347)	-
Satisfaction of capital acquisition restrictions	75,000	(75,000)	-
Total contributions	<u>8,243,414</u>	<u>(313,201)</u>	<u>7,930,213</u>
Fundraising and events	180,101	-	180,101
Other income	<u>11,930</u>	<u>-</u>	<u>11,930</u>
Total revenue, gains, and support	<u>8,435,445</u>	<u>(313,201)</u>	<u>8,122,244</u>
Fundraising expense	116,646	-	116,646
Program services expense	6,197,062	-	6,197,062
Management and general expense	<u>325,203</u>	<u>-</u>	<u>325,203</u>
Total expenses	<u>6,638,911</u>	<u>-</u>	<u>6,638,911</u>
Change in net assets	<u>1,796,534</u>	<u>(313,201)</u>	<u>1,483,333</u>
Net assets, beginning of year	<u>589,307</u>	<u>457,347</u>	<u>1,046,654</u>
Net assets, end of year	<u>\$ 2,385,841</u>	<u>\$ 144,146</u>	<u>\$ 2,529,987</u>

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

Comp-U-Dopt, Inc.
Statements of Functional Expenses
Year ended December 31

2021				
	Program		Management	Total
	Services	Fundraising	and General	Functional
				Expenses
Expenses:				
Fundraising and events expenses	\$ -	\$ 50,692	\$ -	\$ 50,692
Salaries and benefits	1,091,047	552,380	276,550	1,919,977
Legal and professional services	-	-	40,079	40,079
Computer purchases and program supplies	1,538,545	-	-	1,538,545
Auto expenses	93,554	2,482	15,261	111,297
Staff and student meals	7,624	-	-	7,624
Shipping	4,628	195	447	5,270
Gifts-in-kind supplies	2,795,065	-	-	2,795,065
Occupancy expenses	142,222	17,385	35,851	195,458
General and administrative expenses	-	-	210,525	210,525
Depreciation and amortization	-	-	50,744	50,744
Total functional expenses:	\$ <u>5,672,685</u>	\$ <u>623,134</u>	\$ <u>629,457</u>	\$ <u>6,925,276</u>

2020				
	Program		Management	Total
	Services	Fundraising	and General	Functional
				Expenses
Expenses:				
Fundraising and events expenses	\$ -	\$ 19,888	\$ -	\$ 19,888
Salaries and benefits	642,941	85,726	128,588	857,255
Legal and professional services	-	-	20,135	20,135
Computer purchases and program supplies	2,787,582	-	-	2,787,582
Auto expenses	45,680	-	-	45,680
Staff and student meals	3,115	-	-	3,115
Training	2,593	220	-	2,813
Shipping	19,435	-	-	19,435
Miscellaneous	6,167	385	1,156	7,708
Gifts-in-kind supplies	2,600,818	-	-	2,600,818
Occupancy expenses	88,731	10,427	10,427	109,585
General and administrative expenses	-	-	153,946	153,946
Depreciation and amortization	-	-	10,951	10,951
Total functional expense:	\$ <u>6,197,062</u>	\$ <u>116,646</u>	\$ <u>325,203</u>	\$ <u>6,638,911</u>

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

Comp-U-Dopt, Inc.
Statements of Cash Flows

	Year ended December 31	
	2021	2020
Operating Activities		
Change in net assets	\$ 2,144,047	\$ 1,483,333
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	50,744	10,951
Gain on extinguishment of PPP loan	(120,200)	-
Changes in operating assets and liabilities:		
Pledges receivable	(961,326)	(446,874)
Prepays	(152,085)	(4,987)
Other current assets	(9,425)	-
Accounts payable and accrued liabilities	(101,647)	119,330
Net cash provided by operating activities	850,108	1,161,753
Investing Activities		
Capital expenditures	(194,387)	(986,760)
Net cash used in investing activities	(194,387)	(986,760)
Financing Activities		
Proceeds from PPP loan	-	120,200
Principal payments on long-term debt	(33,201)	(35,006)
Net cash (used in) provided by financing activities	(33,201)	85,194
Change in cash and cash equivalents	622,520	260,187
Cash and cash equivalents at beginning of year	1,005,371	745,184
Cash and cash equivalents at end of year	\$ 1,627,891	\$ 1,005,371
 Cash paid for interest	 \$ 39,243	 \$ 50,398

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

COMP-U-DOPT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

1. ORGANIZATION AND NATURE OF ACTIVITIES

Comp-U-Dopt ("CUD") is a national 501(c)(3) nonprofit organization founded in 2007, on the belief that every child deserves equal access to education and opportunity. CUD now serves students across the country with a digital equity solution that addresses the device gap, connectivity, and digital literacy skills through to workforce opportunity.

CUD began with founder and president Jonathan Osha, who realized that the life cycle of computers in a corporate environment is typically less than three years. When they no longer meet the needs of corporate teams, they are usually shelved or sent to a landfill. But these lightly used tools can be a dream come true for young learners who lack access to a computer at home. Since then, CUD has added digital literacy training and technology-centered enrichment programs for youth up to age 26 as well as addressed the need for connectivity at home.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of CUD have been prepared using the accrual basis of accounting in accordance with accounting principals generally accepted in the United States of America ("GAAP") promulgated by the Financial Accounting Standards Board ("FASB") related to financial statements of not-for-profit organizations. Accordingly, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The net assets of CUD and changes therein are classified and reported as follows:

Net assets with donor restrictions - Net assets with donor restrictions include net assets that are either (i) restricted until the donor-imposed stipulations have been met through the passage of time and/or actions of the Board of Directors, or (ii) expected to be maintained in perpetuity. When a purpose restriction or a time restriction ends, net assets with donor restrictions are released to net assets without donor restrictions. As of December 31, 2021 and 2020, net assets with donor restrictions were \$2,983,092 and \$144,146, respectively.

Net assets without donor restrictions - Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. As of December 31, 2021 and 2020, net assets without donor restrictions were \$1,690,942 and \$2,385,841, respectively.

COMP-U-DOPT, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the reported amounts of revenues and expenses during the reporting period and the allocation of expenses among various programs. Actual results could differ from the estimates used.

Cash and Cash Equivalents

CUD considers all highly liquid short-term investments with original maturities of three months or less when purchased to be cash equivalents.

Cash Receipts and Disbursements

Cash and check contributions received are deposited in the bank account promptly. Listings of the contributions received are made and maintained by management.

Checks issued for payments are supported by original invoices or check requests properly approved by authorized persons. A listing of all monthly expenditures is made available to the management of CUD for review.

Pledges Receivable

Pledges are recognized when the donor makes a pledge to give to CUD that is, in substance, unconditional. CUD uses the allowance method to estimate uncollectible pledges receivable. The allowance is based on collection experience in prior years and management's analysis of specific promises made. As of December 31, 2021 and 2020, an allowance for doubtful accounts was not deemed necessary.

Property and Equipment

Property and equipment is stated at cost. Maintenance and repair costs less than \$5,000, other than building improvements, are charged to expense as incurred. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses on disposals of property and equipment are reflected in earnings in the year of disposal.

CUD depreciates all classes of property and equipment using the straight-line method over their estimated useful lives, which ranges from five (5) to thirty-nine (39) years.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value of Financial Instruments

Financial instruments consist principally of cash and cash equivalents, pledges receivable, accounts payable, other accrued liabilities and debt as reported in the statements of financial position. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities approximate fair value due to the short-term maturities of these assets and liabilities. The carrying amount of debt approximates fair value because the rate is variable, based on current market rates, or based on market rates for similar loans.

The fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The accounting guidance includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows: Level 1 - Quoted prices for identical instruments in active markets; Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived valuations in which all significant inputs or significant value-drivers are observable in active markets; and Level 3 - Model-derived valuations in which one or more significant inputs or significant value-drivers are unobservable.

Fair value measurements are classified according to the lowest level input or value-driver that is significant to the valuation. A measurement may therefore be classified within Level 3 even though there may be significant inputs that are readily observable.

The fair value of debt was determined based on "Level 2" inputs.

Concentration of Credit and Market Risk

Financial instruments, which subject CUD to concentrations of credit risk, consist principally of cash and cash equivalents, and pledges receivable. CUD maintains its cash accounts with established commercial banks. At times, deposits with these financial institutions may exceed the Federal Depository Insurance Corporation limits; however, in monitoring this credit risk, CUD periodically evaluates the stability of these commercial banks and has not experienced any losses associated with its deposits.

As of December 31, 2021, \$1,070,000, or 76%, of pledges receivable are from 4 donors.

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Revenue and Support

On January 1, 2020, CUD adopted the FASB Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") 605, *Revenue Recognition*. The core principle of ASU No. 2014-09 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled to those goods or services. There were no significant changes affecting the timing of revenue recognition from the adoption.

Contributions are recorded as contributions without donor restrictions or contributions with donor restrictions. Unconditional contributions, if any, are recorded at their fair market value in the period in which CUD was notified of the intent of the contribution. Conditional contributions are not included in contributions until such time as the conditions are substantially met. Expirations of restrictions on net assets (i.e., the donor-restricted purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions on the Statements of Activities.

Donations of Assets and Services

In accordance with FASB ASC Topic 958-605, Not-for-Profit Entities - *Accounting for Contributions Received and Contributions Made*, CUD recognizes contributed services at their estimated fair value if the services received (i) create or enhance long-lived assets or (ii) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donations of assets and services are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, CUD reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. CUD reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

COMP-U-DOPT, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Non-cash (in-kind) donations included as contributions on the Statements of Activities consisted of the following during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Laptops	\$ 946,650	\$ 1,363,600
CPUs	1,519,625	572,800
Monitors	307,800	664,418
Other	<u>20,990</u>	<u>-</u>
	<u>\$ 2,795,065</u>	<u>\$ 2,600,818</u>

Functional Expenses

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Functional Expenses. In this statement are certain categories of expenses that are attributable to more than one program or supporting function. These expenses were allocated consistently between 2021 and 2020 and were based on criteria such as square footage (i.e. occupancy and depreciation), approximate time and effort (i.e. payroll and benefits and travel) and management's analysis of the expenditures.

Income Taxes

CUD is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service ("IRS") as other than a private foundation. However, CUD is subject to taxes on unrelated business income. As of December 31, 2021 and 2020, there were no unrelated business activities; thus, no provision has been made for income taxes.

CUD's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed. CUD has implemented the accounting guidance established in FASB ASC 740-10, *Income Taxes*, associated with accounting for uncertainty in income taxes and does not believe it has any uncertain tax positions that are material to the financial statements.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported change in net assets.

COMP-U-DOPT, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2021

3. DEBT

Debt as of December 31, 2021 and 2020, included the following:

	2021	2020
Note payable to financial institution, interest at 3.74%, secured by real property, maturing December 2021 (see below for detail on refinancing)	\$ 1,109,464	\$ 1,142,665
	1,109,464	1,142,665
Less: current maturities	(28,257)	(1,142,665)
	\$ 1,081,207	\$ -

On December 28, 2021, CUD's note pertaining to its owned real property matured, and was refinanced with its existing lender on March 2, 2022. The refinanced note was increased from \$1,109,464 to \$1,360,000, at a fixed rate of 3.19%, and matures on March 2, 2027. CUD is expected to make monthly principal and interest payments of \$6,618, with a balloon payment at maturity of \$1,174,761. No penalties were incurred as a result of refinancing the note subsequent to maturity. The proceeds from the additional principal were obtained in order to complete, and provide reimbursement for substantial repairs and capital improvements to the secured real property.

In accordance with FASB ASC 470-10-45, *Debt - Other Presentation Matters*, an entity whom intends to refinance short-term obligations on a long-term basis and has the ability to consummate the refinancing, may classify short-term obligations as long-term obligations at the the balance-sheet-date if (i) the agreement does not expire within one year from the date of the entity's balance sheet and during that period the agreement is not cancelable by the lender or the prospective lender; and (ii) no violation of any provision in the finance agreement exists at the balance sheet date and no available information indicates that a violation has occurred thereafter but before the balance sheet is issued or is available to be issued. Accordingly, CUD classified \$1,081,207 of their December 31, 2021 note payable as long-term on the accompanying Statements of Financial Position.

For the years ended December 31, 2021 and 2020, interest expense was \$39,243 and \$50,398, respectively. Interest expense is included in Occupancy expenses on the accompanying Statements of Functional Expenses.

CUD received a paycheck protection program loan during 2020 from the Small Business Administration to assist with the negative impact of COVID-19. As of December 31, 2021, the loan was fully forgiven at \$120,000 and recognized as a gain on extinguishment of debt.

COMP-U-DOPT, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2021

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 and 2020 are restricted for the following purposes.

Subject to expenditure for specified purposes:

	<u>2021</u>	<u>2020</u>
Total Lending Program:		
Computer Adoption Programs in Chicago, IL	\$ 75,000	\$ -
Computer Adoption Programs in Dallas, TX	550,000	-
Computer refurbishment in Houston, TX	68,000	-
Device Access and Connectivity - Dallas	878,386	-
Early Adopters Programs in Houston, TX	17,400	-
Early Adopters Programs in Los Angeles, CA	30,000	-
L2E Programs in Dallas, TX	6,324	-
Services to Chicago, IL area	125,000	-
Services to Dallas, TX area	100,000	-
Services to Eagle Ford/Permian Basin areas	180,000	-
Services to Galveston, TX area	261,530	-
Services to Houston, TX area	73,452	-
Services to Houston/Galveston area	-	144,146
Services to Jupiter, FL area	30,000	-
Services to Lake Charles, LA area	3,000	-
Services to Las Vegas, NV area	75,000	-
Services to Los Angeles, CA area	35,000	-
Services to Louisiana (Huma and La Place distributions)	30,000	-
Services to National areas	25,000	-
Services to South Haven, MI area	50,000	-
STEAM Programs in Houston, TX	15,000	-
Technology Education for Chicago, IL Youth	125,000	-
Technology Education for Dayton, OH Youth	30,000	-
Technology Education for Houston, TX for 2022-2023	170,000	-
Technology Education for Joliet, IL Youth	30,000	-
	<u>2,983,092</u>	<u>144,146</u>
Total net assets with donor restrictions	\$ <u>2,983,092</u>	\$ <u>144,146</u>

CUD's Board of Directors has not designated any restrictions on net assets as of December 31, 2021 and 2020.

COMP-U-DOPT, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2021

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by other events specified by donors.

Purpose restrictions accomplished

	<u>2021</u>	<u>2020</u>
Boys & Girls Club Project	\$ 80,000	\$
Capital campaigns	100,000	75,000
Computer refurbishment in Chicago, IL area	18,500	
Computer refurbishment in Houston, TX	87,000	
Computer refurbishment in Texas	50,000	
Device Access and Connectivity - Dallas	5,594	
L2E Programs in Dallas, TX	18,676	-
Services to Chicago, IL area	521,500	-
Services to Galveston, TX area	69,962	319,197
Services to Houston, TX area	5,000	-
Services to Houston/Galveston	144,146	-
Services to Lake Charles, LA area	100,000	
Services to Philadelphia, PA area	70,000	
Sharpstown feeder pattern project	-	13,150
Summer L2E programming	80,000	10,000
Technology Education for Dayton, OH Youth	120,000	
Technology Education for Houston, TX for 2021	60,000	
Training staff salaries	-	40,000
	<u> </u>	<u> </u>
Total net assets released from restrictions	\$ <u>1,530,378</u>	\$ <u>457,347</u>

COMP-U-DOPT, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2021

6. AVAILABILITY OF FINANCIAL ASSETS

The following reflects CUD's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 1,627,891	\$ 1,005,371
Pledges receivable	<u>1,408,200</u>	<u>446,874</u>
Financial assets, at year-end	\$ <u>3,036,091</u>	\$ <u>1,452,245</u>
Less those unavailable for general expenditures within within one year, due to contractual or donor time or purpose restrictions	<u>(2,983,092)</u>	<u>(144,146)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>52,999</u></u>	\$ <u><u>1,308,099</u></u>

7. DEFINED CONTRIBUTION PLAN

The Organization offers a 401(k) plan for the benefit of eligible employees whom have attained the age of 21, completed one year of eligible service and a minimum of 1,000 hours of eligible service within a Plan Year. A discretionary matching contribution is made and subject to change during times of business hardship. For the years ended December 31, 2021 and 2020, the Organization recorded costs of \$19,165 and \$25,077, respectively, related to the Plan.

8. OPERATING LEASES

The Organization leases operating facilities for various terms under long-term, non-cancelable operating lease agreements from independent third parties. The leases expire at various dates through 2025 and provide for renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by leases on other properties. For the years ended December 31, 2021 and 2020, lease expenses related to the aforementioned operating leases was \$69,039 and \$27,724, respectively.

COMP-U-DOPT, INC.
NOTES TO FINANCIAL STATEMENTS - Continued
December 31, 2021

8. OPERATING LEASES, continued

The following is a schedule by year of future minimum rental payments required under the non-cancelable operating lease agreements:

<u>Year ending December 31,</u>	
2022	\$ 170,155
2023	151,099
2024	130,617
2025	<u>7,260</u>
	<u>\$ 459,131</u>

9. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB Issued ASU No. 2016-02, *Leases (Topic 842)*, which requires lessees to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under ASU No. 2016-02, lessor accounting is largely unchanged. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019 with early application permitted. Lessees and lessors must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases expiring before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. In July 2019, the FASB approved the delay of the effective date of ASU No. 2016-02 by one year (effective for annual periods beginning after December 15, 2021). In June 2020, the FASB issued ASU No. 2020-05, which allowed certain entities who had not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of ASU No. 2016-02 to defer implementation for one year due to unique challenges resulting from the COVID-19 pandemic. Accordingly, ASU No. 2016-02 is effective for the Organization for the year beginning January 1, 2022. Management is currently evaluating the effect the provisions of ASU No. 2016-02 will have on the financial statements.

9. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS, continued

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve the presentation of nonfinancial assets by presenting contributed nonfinancial assets as a separate line item in the statement of activities, and to enhance financial statement disclosures by, among other things, (i) disaggregating the amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial asset, and (ii) for each category of contributed nonfinancial asset disclosed, adding additional information about donor-imposed restrictions, fair value measurement techniques and inputs, and other qualitative information. ASU No. 2020-07 is effective for fiscal years beginning after June 15, 2021 and should be applied retrospectively to all periods presented. Early application is permitted. Management is currently evaluating the impact that adoption of ASU No. 2020-07 will have on CUD's financial statements and disclosures.

10. SUBSEQUENT EVENTS

CUD has evaluated subsequent events through March 31, 2022, the date the financial statements were available to be issued. Subsequent to year-end, the note to the financial institution was refinanced (see Note 3). Otherwise, there were no material recognized or non-recognized subsequent events during this period.