

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**



**FINANCIAL STATEMENTS**

**Years Ended May 31, 2021 and 2020**

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The Art of Problem Solving Initiative, Inc.  
New York, New York

We have audited the accompanying financial statements of The Art of Problem Solving Initiative, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Art of Problem Solving Initiative, Inc. as of May 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.

*Johnson O'Connor Feron & Carucci LLP*

Wakefield, Massachusetts  
October 29, 2021

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

	May 31,	
	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,674,387	\$ 4,205,460
Contributions and grants receivable	689,876	436,223
Prepaid expenses and other current assets	271,079	125,488
Total current assets	8,635,342	4,767,171
<b>PROPERTY AND EQUIPMENT, NET</b>	8,294	13,225
Total assets	\$ 8,643,636	\$ 4,780,396
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 169,645	\$ 31,328
Accrued expenses	74,749	89,800
Total current liabilities	244,394	121,128
<b>LONG-TERM LIABILITIES</b>		
Note payable	-	223,750
<b>NET ASSETS</b>		
Without donor restrictions	5,433,730	2,716,686
With donor restrictions	2,965,512	1,718,832
Total net assets	8,399,242	4,435,518
Total liabilities and net assets	\$ 8,643,636	\$ 4,780,396

See notes to financial statements.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**STATEMENT OF ACTIVITIES**

	Year Ended May 31, 2021		
	Total	Without Donor Restrictions	With Donor Restrictions
<b>REVENUES</b>			
Contributions and grants	\$ 7,458,092	\$ 3,594,694	\$ 3,863,398
In-kind contributions	161,054	156,825	4,229
Interest income	3,443	3,368	75
Miscellaneous income	12,024	12,024	-
Special events income	-	-	-
Gain on forgiveness of note payable	223,750	223,750	-
Net assets released from restrictions	-	2,621,022	(2,621,022)
Total revenues	<u>7,858,363</u>	<u>6,611,683</u>	<u>1,246,680</u>
<b>EXPENSES AND OTHER CHANGES</b>			
<u>Program services -</u>			
Educational and program services	<u>3,136,891</u>	<u>3,136,891</u>	<u>-</u>
<u>Supporting services -</u>			
Management and general	530,454	530,454	-
Fundraising	<u>227,294</u>	<u>227,294</u>	<u>-</u>
Total supporting services	<u>757,748</u>	<u>757,748</u>	<u>-</u>
Total expenses and other changes	<u>3,894,639</u>	<u>3,894,639</u>	<u>-</u>
Change in net assets	3,963,724	2,717,044	1,246,680
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>4,435,518</u>	<u>2,716,686</u>	<u>1,718,832</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 8,399,242</u>	<u>\$ 5,433,730</u>	<u>\$ 2,965,512</u>

See notes to financial statements.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**STATEMENT OF ACTIVITIES**

	Year Ended May 31, 2020		
	Total	Without Donor Restrictions	With Donor Restrictions
<b>REVENUES</b>			
Contributions and grants	\$ 3,472,667	\$ 1,840,127	\$ 1,632,540
In-kind contributions	202,575	171,825	30,750
Interest income	40,597	36,402	4,195
Miscellaneous income	9,189	9,189	-
Special events income	3,400	3,400	-
Gain on forgiveness of note payable	-	-	-
Net assets released from restrictions	-	1,977,398	(1,977,398)
Total revenues	<u>3,728,428</u>	<u>4,038,341</u>	<u>(309,913)</u>
<b>EXPENSES AND OTHER CHANGES</b>			
<u>Program services -</u>			
Educational and program services	<u>2,821,649</u>	<u>2,821,649</u>	<u>-</u>
<u>Supporting services -</u>			
Management and general	420,433	420,433	-
Fundraising	199,392	199,392	-
Total supporting services	<u>619,825</u>	<u>619,825</u>	<u>-</u>
Total expenses and other changes	<u>3,441,474</u>	<u>3,441,474</u>	<u>-</u>
Change in net assets	286,954	596,867	(309,913)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>4,148,564</u>	<u>2,119,819</u>	<u>2,028,745</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,435,518</u>	<u>\$ 2,716,686</u>	<u>\$ 1,718,832</u>

See notes to financial statements.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended May 31, 2021

	Educational and Program Services					Supporting Services		
	Total Expenses	Emergency Assistance Fund	Bridge to Enter Advanced Mathematics	USA Mathematical Talent Search	Total Educational and Program Services	Management and General	Fundraising	Total Supporting Services
Payroll and payroll taxes	\$ 2,524,171	\$ -	\$ 2,048,404	\$ 4,666	\$ 2,053,070	\$ 290,207	\$ 180,894	\$ 471,101
Supplies	352,918	-	351,355	525	351,880	95	943	1,038
Rent	170,789	-	23,964	-	23,964	146,825	-	146,825
Food	166,647	-	165,817	-	165,817	-	830	830
Outside contract service	133,240	-	78,651	38,923	117,574	3,126	12,540	15,666
Awards and grants	156,573	156,573	-	-	156,573	-	-	-
Insurance	126,836	-	90,399	157	90,556	28,274	8,006	36,280
Information technology	92,795	-	83,194	135	83,329	6,653	2,813	9,466
Employee benefits	58,983	-	42,874	-	42,874	10,017	6,092	16,109
Professional fees	24,446	-	-	-	-	24,446	-	24,446
Postage and delivery	16,748	-	12,247	2,274	14,521	667	1,560	2,227
Advertising	16,682	-	4,251	6,356	10,607	105	5,970	6,075
Licenses, permits, and fees	14,224	-	4,049	8,833	12,882	833	509	1,342
Bank charges	12,118	-	-	-	-	12,118	-	12,118
Other	8,934	-	4,890	425	5,315	1,794	1,825	3,619
Depreciation	7,126	-	6,543	-	6,543	134	449	583
Printing	4,911	-	48	-	48	-	4,863	4,863
Bad debts	4,000	-	-	-	-	4,000	-	4,000
Staff development	1,149	-	1,149	-	1,149	-	-	-
Telephone	1,139	-	109	-	109	1,030	-	1,030
Travel	130	-	-	-	-	130	-	130
Field trips	80	-	80	-	80	-	-	-
<b>Total operating expenses</b>	<b>\$ 3,894,639</b>	<b>\$ 156,573</b>	<b>\$ 2,918,024</b>	<b>\$ 62,294</b>	<b>\$ 3,136,891</b>	<b>\$ 530,454</b>	<b>\$ 227,294</b>	<b>\$ 757,748</b>

See notes to financial statements.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended May 31, 2020

	Educational and Program Services				Supporting Services			
	Total Expenses	Emergency Assistance Fund	Bridge to Enter Advanced Mathematics	USA Mathematical Talent Search	Total Educational and Program Services	Management and General	Fundraising	Total Supporting Services
Payroll and payroll taxes	\$ 2,088,998	\$ -	\$ 1,748,763	\$ 622	\$ 1,749,385	\$ 208,601	\$ 131,012	\$ 339,613
Supplies	87,562	-	67,711	12,538	80,249	110	7,203	7,313
Rent	422,277	-	270,314	3,188	273,502	146,825	1,950	148,775
Food	286,484	-	272,730	1,586	274,316	1,105	11,063	12,168
Awards and grants	36,507	36,507	-	-	36,507	-	-	-
Outside contract service	89,480	-	47,022	28,755	75,777	2,092	11,611	13,703
Insurance	105,832	-	78,399	-	78,399	21,961	5,472	27,433
Information technology	15,464	-	2,524	179	2,703	5,894	6,867	12,761
Employee benefits	41,353	-	30,682	-	30,682	6,555	4,116	10,671
Professional fees	17,300	-	-	-	-	17,300	-	17,300
Postage and delivery	9,573	-	4,530	2,552	7,082	635	1,856	2,491
Advertising	15,059	-	2,089	3,025	5,114	95	9,850	9,945
Licenses, permits, and fees	4,813	-	3,014	94	3,108	950	755	1,705
Bank charges	5,357	-	-	-	-	5,357	-	5,357
Other	14,171	-	9,808	-	9,808	525	3,838	4,363
Depreciation	7,072	-	6,826	-	6,826	200	46	246
Printing	17,281	-	9,570	5,346	14,916	53	2,312	2,365
Bad debts	-	-	-	-	-	-	-	-
Staff development	6,033	-	5,800	-	5,800	-	233	233
Telephone	852	-	67	-	67	785	-	785
Travel	115,699	24	113,033	44	113,101	1,390	1,208	2,598
Field trips	54,307	-	54,307	-	54,307	-	-	-
<b>Total operating expenses</b>	<b>\$ 3,441,474</b>	<b>\$ 36,531</b>	<b>\$ 2,727,189</b>	<b>\$ 57,929</b>	<b>\$ 2,821,649</b>	<b>\$ 420,433</b>	<b>\$ 199,392</b>	<b>\$ 619,825</b>

See notes to financial statements.



**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**STATEMENTS OF CASH FLOWS**

	Years Ended May 31,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 3,963,724	\$ 286,954
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,126	7,072
Donated investments	(14,828)	(393,250)
Proceeds from sale of donated investments	14,828	393,250
Gain on forgiveness of note payable	(223,750)	-
(Increase) decrease in operating assets:		
Contributions and grants receivable	(253,653)	141,000
Prepaid expenses and other current assets	(145,591)	(71,073)
Increase in operating liabilities:		
Accounts payable	138,317	6,386
Accrued expenses	(15,051)	14,347
Net cash provided by operating activities	<u>3,471,122</u>	<u>384,686</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,195)	(11,065)
Net cash used by investing activities	<u>(2,195)</u>	<u>(11,065)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds on issuance of note payable	-	223,750
Net cash provided by financing activities	<u>-</u>	<u>223,750</u>
Net increase in cash and cash equivalents	3,468,927	597,371
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>4,205,460</u>	<u>3,608,089</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 7,674,387</u>	<u>\$ 4,205,460</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES</b>		
Forgiveness of principal on note payable	\$ 223,750	\$ -

See notes to financial statements.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. STATEMENT OF PURPOSE**

The Art of Problem Solving Initiative, Inc. (the Organization), formerly known as “The Art of Problem Solving Foundation,” is a nonprofit organization with a mission dedicated to promoting and providing opportunities to explore and experience mathematical problem solving among middle and high school students in the United States. The Organization was formed in 2004. The Organization focuses its efforts on three main programs: Bridge to Enter Advanced Mathematics (“BEAM”, formerly Summer Program in Mathematical Problem Solving), a math summer and year round program for underserved New York City and California middle school and high school students with talent in mathematics; USA Mathematical Talent Search (“USAMTS”), a math contest for US Citizens and Residents that emphasizes research and in-depth thinking; and Emergency Assistance Fund (“EAF”), a dedicated fund established to provide relief to the Organization’s students and families who have experienced economic hardship as a result of the international pandemic known as COVID-19.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation –**

The financial statements of the Organization have been prepared on the accrual basis of accounting. Accordingly, assets are recorded when the Organization obtains the rights of ownership or is entitled to claim receipt, and liabilities are recorded when the obligation is incurred.

**Use of Estimates –**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Date of Management’s Review –**

Subsequent events have been evaluated by management through October 29, 2021, the date the financial statements were available to be issued.

**Risk and Uncertainties –**

As a result of the continued spread of the COVID-19 coronavirus (COVID-19), economic uncertainties have arisen which could potentially impact the Organization’s 2022 operating results. The Organization’s operating expenses are primarily costs associated with its educational and program services. Accordingly, the Organization’s exposure to the impact of COVID-19 is primarily associated with donor reluctance to support fund-raising initiatives. At this point, the extent to which COVID-19 may impact the Organization’s financial condition or results of operations is uncertain and cannot be predicted.

**Cash and Cash Equivalents –**

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions and Grants Receivable –**

Unconditional contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value.

Unconditional contributions and grants expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities.

The Organization determines the allowance for uncollectible contributions and grants receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions and grants receivable are written off when deemed uncollectable. At May 31, 2021 and 2020, all contributions and grants receivable were due within one year and were determined to be fully collectible. As a result, there was no allowance for uncollectible contributions and grants receivable at May 31, 2021 and 2020.

**Property and Equipment –**

Property and equipment are recorded at cost if purchased or fair value if contributed. The Organization has a policy of capitalizing assets with a cost basis of \$1,000 or more. The Organization provides for depreciation of property and equipment using the straight-line method over the estimated useful lives of the related assets, which is three years.

**Net Assets –**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition –**

Special events income is comprised of event ticket revenue. Event ticket revenues are recognized when the event occurs. Fees received in advance of the event are deferred to the applicable period in which the event occurs.

Contributions, including grants, are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. All contributions are considered to be available for unrestricted use 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 increases in net assets with donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

The Organization's non-cash donations consist primarily of licenses and rental space. Donations of materials or rent are recorded at fair market value based on the price of comparable items at the date of donation. The Organization received non-cash donations of materials and rent totaling \$151,054 and \$202,575 for the years ended May 31, 2021 and 2020, respectively.

The Organization's professional service donations consist of instructors for the summer BEAM program. When significant, donations of professional services are recorded at their estimated fair market value based on the current fee schedule of the donor at the date of receipt and are reflected as both a contribution and expense in the statements of activities. The Organization received donations of professional services totaling \$10,000 for the year ended May 31, 2021. There were no donations of professional services for the year ended May 31, 2020.

**Functional Expenses –**

The Organization allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis and are composed of the following:

*Management and general* – includes all activities related to the Organization's internal management and accounting for educational and program services.

*Fundraising* – includes activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. These expenses include payroll and payroll taxes, rent, food, travel, insurance, supplies, field trips, and employee benefits.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Expenses (Continued) –**

The allocation of these expenses between program services, management and general, and fundraising expenses are based on actual asset usage and estimates of time and effort. Allocations of functional expenses are based on management's discretion and estimates. These variables may change from year to year. As a result, there may be fluctuations in the comparative presentation of data from year to year.

**Income Taxes –**

The Organization is organized and operated exclusively for charitable and educational purposes. Income related to these purposes is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. Unrelated business income would be taxable according to applicable Internal Revenue Code sections.

The Organization regularly reviews and evaluates its tax positions taken in its filed returns and recognizes the benefit from a tax position only if it is more likely than not that the position would be sustained upon audit based solely on the technical merits of the tax position. The Organization accrues interest and penalties on uncertain tax positions as a component of the provision for income taxes.

The Organization files federal, California and New York tax returns. The statute of limitations for these jurisdictions is generally three years. The Organization had no returns under examination as of May 31, 2021.

**Advertising Expense –**

The Organization's policy is to expense advertising costs as incurred. Advertising expenses totaled \$16,682 and \$15,059 for the years ended May 31, 2021 and 2020, respectively.

**3. CONCENTRATION OF CREDIT RISK**

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and contributions and grants receivable.

**Cash and Cash Equivalents –**

The Organization maintains its cash and cash equivalents in bank deposit and money market accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**3. CONCENTRATION OF CREDIT RISK (Continued)**

**Contributions and Grants Receivable –**

Credit risk associated with contributions and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from large foundations and individuals that are supportive of the mission. During the year ended May 31, 2021 and 2020, the Organization received contributions and grants totaling \$2,454,910 and \$893,250 from two funders, respectively. This amount represents approximately 31% and 24% of total contributions and grants received during the year, respectively. As of May 31, 2021, approximately 98% of contributions and grants receivable were due from three funders. As of May 31, 2020, approximately 96% of contributions and grants receivable were due from four funders.

**4. LIQUIDITY AND AVAILABILITY**

The following table reflects the Organization’s financial assets as of May 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or because the donor has set aside the funds for a specific time period or purpose.

	May 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 7,674,387	\$ 4,205,460
Contributions and grants receivable	689,876	436,223
Financial assets, at year end	8,364,263	4,641,683
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,364,263	\$ 4,641,683

The Organization receives significant contributions and grants without donor restrictions and considers contributions and grants restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 180 days operating expenses. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity quarterly and monitors its reserves annually. During the years ended May 31, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**5. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net is summarized as follows:

	May 31,	
	2021	2020
Furniture and fixtures	\$ 21,320	\$ 26,508
Less: Accumulated depreciation	13,026	13,283
	\$ 8,294	\$ 13,225

**6. PAYCHECK PROTECTION PROGRAM LOAN**

The Organization was granted a \$223,750 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization initially recorded the loan as debt as of May 31, 2020 and subsequently applied and received forgiveness on the loan for the total amount on February 9, 2021. The Organization has recognized \$223,750 as a gain on forgiveness of note payable for the year ended May 31, 2021.

**7. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes:

	May 31,	
	2021	2020
Subject to expenditure for specified purpose:		
Bridge to Enter Advanced Mathematics	\$ 2,946,254	\$ 1,663,903
Emergency Assistance Fund	19,258	54,929
	\$ 2,965,512	\$ 1,718,832

There were no net assets restricted in perpetuity as of May 31, 2021 and May 31, 2020.

**THE ART OF PROBLEM SOLVING INITIATIVE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**7. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Certain net assets with donor restrictions were released from donor restrictions by incurring costs satisfying the restricted purposes or by the occurrence of other events or the passage of time specified by the donors and were reclassified as net assets without donor restrictions as follows:

	Years Ended May 31,	
	2021	2020
Bridge to Enter Advanced Mathematics	\$ 2,403,249	\$ 1,940,867
Emergency Assistance Fund	156,573	36,531
USA Mathematical Talent Search	61,200	-
	<u>\$ 2,621,022</u>	<u>\$ 1,977,398</u>

**8. RETIRMENT PLAN**

The Organization maintains a 403(b)-plan covering substantially all of its employees who meet certain eligibility requirements. The plan is funded by voluntary employee contributions. There are no matching contributions made by the Organization.

**9. LEASES**

The Organization rents facilities and office space, under short-term leases, for conducting program activities and for general administration purposes. In addition, certain programs are conducted in facilities where space is donated to the Organization. Rent expense totaled \$170,789 and \$422,277 for the years ended May 31, 2021 and 2020, respectively.



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